OPPORTUNITY AND OWNERSHIP

RESEARCH REPORT

An Evaluation of the $tand By Me® Financial Coaching Program

Diana Elliott, Brett Theodos, Daniel Teles, Adaeze Okoli, and Benjamin Docter

October 2020

URBAN INSTITUTE · ELEVATE · THE · DEBATE

ABOUT THE URBAN INSTITUTE

The nonprofit Urban Institute is a leading research organization dedicated to developing evidence-based insights that improve people's lives and strengthen communities. For 50 years, Urban has been the trusted source for rigorous analysis of complex social and economic issues; strategic advice to policymakers, philanthropists, and practitioners; and new, promising ideas that expand opportunities for all. Our work inspires effective decisions that advance fairness and enhance the well-being of people and places.

Contents

Acknowledgments

This report was funded by $tand By Me, with their support coming from the Annie E. Casey Foundation, the JPMorgan Chase Foundation, and the Kellogg Foundation. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at urban.org/fundingprinciples.

We thank the staff at $tand By Me and United Way of Delaware who oversaw and supported this study, including Mary Dupont, Shay Frisby, Jerry Hunter, Jude Liszkiewicz, and Donna Synder-White. Thanks also to our technical reviewers Breno Braga and Caleb Quakenbush, as well as to Irene Lee and Kimberly Spring at the Annie E. Casey Foundation for providing feedback and commentary.

Executive Summary

Financial coaching programs are increasingly popular services offered to help people with low and middle incomes navigate their finances. Despite these programs' growing prevalence across the US, evidence about their effectiveness is still emerging. To add to the evidence base, Urban Institute staff evaluated a uniquely structured program in Delaware: $tand By Me ($BM).

For the past decade, the state of Delaware has offered the $BM financial empowerment program, which aims to improve the financial well-being of Delaware residents. The program's structure as a public-private partnership and its focus on delivering free services through professional one-on-one financial coaching has helped it grow rapidly in size and scope to reach diverse populations.

In 2018, the state of Delaware and the United Way of Delaware contracted with the Urban Institute to understand whether the program has been successful in meeting its mission. For the past two years, Urban has evaluated $BM to holistically understand the program's outcomes. Urban staff conducted interviews and focus groups with stakeholders and leaders connected to $BM, financial coaches employed by the program, and residents served by it. Urban also surveyed new program entrants, analyzed existing program data, and conducted a quasi-experimental analysis to understand changes in credit outcomes for people served by the program relative to a comparison group.

The research findings show that $BM clients overall are seeing improvements in their financial well-being, both in their perceptions of progress and on various credit metrics. Although elements of the program could be strengthened, its unique structure and approach offer lessons for other states and localities interested in offering similar financial coaching programs.

What Services Does $tand By Me Offer?

$BM strives to empower Delawareans to have more control over their finances. It offers many free services to all state residents, including financial literacy workshops, tax preparation, access to financial products and services, and planning assistance related to postsecondary financial aid.

$BM's main service—the one documented in this report—is free, one-on-one personal financial coaching. Financial coaching differs from other financial counseling approaches because it is more individualized and grounded in the goals of each client, but also more holistic. Coaches collaborate with clients to set measurable and attainable goals to improve their financial well-being and become

financially self-sufficient. In follow-up meetings, coaches help clients achieve their goals, often through short-term tasks, such as monitoring bank balances and managing credit scores.

Who Are $tand By Me's Clients?

$BM serves diverse clientele across the state. In part, this is because the $BM program is delivered through host organizations serving an array of populations statewide, including people working for participating employers, child care staff and parents, high school students and parents in the lead-up to college, aspiring homeowners, the Hispanic/Latinx community, small business owners, people ages 50 and older, and people in workforce training.

Data in this study produced the following insights about $BM clients:

- $BM's clients are racially and ethnically diverse. Fifty-five percent of clients identified as Black non-Hispanic/Latinx, 27percent as white non-Hispanic/Latinx, and 14 percent as Hispanic/Latinx.
- Most clients had full-time jobs, while 12 percent were unemployed. Clients tended to have relatively low incomes, with a median monthly income of $2,000. Ninety-three percent of clients had health insurance.
- Clients ranged in the amounts and types of debt they held before entering the program. Clients averaged roughly $47,000 in total debt balances. Nearly 40 percent had an auto loan and nearly two-thirds had a credit card. About one in five clients had a student loan and one in eight had a personal installment loan. Only one in nine had a mortgage.

How Do Clients Feel about $tand By Me?

Through our interviews and focus groups, we found that clients and coaches report the program is serving clients' needs well. Clients and coaches see positive results from the coaching process, which motivates them to continue meeting. After only one session, clients report trust and rapport with their coaches and leave with increased optimism that they can tackle financial issues they were previously ignoring. Many clients have recommended the program to others in their networks.

Clients come to $BM with a host of financial challenges, with the most frequent including medical bills, credit and debt challenges, and poor financial management. In only a short time of engagement

with coaching, clients and coaches report successes. For some clients, these successes include having a budget or savings cushion for the first time. Others report long-term successes like improving their credit after years of neglect, taking a vacation they saved to afford, or purchasing a home.

How Does $tand By Me Affect Clients' Debt and Access to Credit?

To understand the outcomes of $BM's financial coaching, we examined clients' credit data before and after coaching and compared changes for $BM clients with changes for a matched comparison group with similar baseline attributes.

$BM clients saw improvements in their debt repayment and behavior, though these impacts are generally modest in size:

- **$BM clients took active steps to improve their financial well-being and creditworthiness.** Clients cured delinquent accounts. Curing, or bringing accounts that had previously late or delinquent debts back into good standing, generally increased for $BM clients. Clients cured an average of 0.24 more accounts than the comparison group.
- **Clients reduced their medical and nonmedical debts in collections.** Clients reduced the number of medical accounts in collections by 0.37 per person more than the comparison group. Clients also reduced the number of nonmedical debts by 0.08 per person more than the comparison group.
- **Clients reduced their credit card utilization rates**, frequently by getting an additional credit card. Clients lowered their credit card utilization rates by 5 percentage points relative to the comparison group. Clients added 0.15 more credit cards per person than the comparison group.
- **Clients raised their credit scores by a small amount.** Credit scores improved among coaching clients by 15 points but improved among the comparison group as well. The estimated impact of $BM is a four-point improvement in credit score.

$BM clients took advantage of their improved creditworthiness by taking on some new forms of debt:

- **Clients expanded their use of credit cards.** About a year after their first session, 71 percent of clients had a credit card. This was a 7 percentage-point increase over the comparison group.

- **Clients took on more student loans.** Before entering the program, about one in five clients and comparison group members had a student loan. The share of clients with a student loan rose 6 percent relative to the comparison group.
- Relative to the comparison group, we found no conclusive **increases in the percentage of clients with an auto loan, personal installment loan, or mortgage**.

The $BM program's effects on clients' debt levels are mixed:

- We find some evidence that $BM clients took on higher levels of debt, in the aggregate, than they would have without coaching. Yet we do not find increases in debt levels among individual types of accounts. Further, while clients' credit card debt rose from baseline to follow-up, it was $422 less than the change for the comparison group—meaning the impact of the program was to decrease credit card debt levels relative to what they would have been without the program.

How Could $tand By Me Improve?

Coaches, clients, and stakeholders pointed to a few areas where they felt the $BM program could be strengthened:

- **The program could better equip coaches to become financial experts.** Although coaches found orientation training helpful, they felt underprepared in some topics related to saving, budgeting, and debt management and restructuring. This is likely because most staff were not previously employed in a personal finance field before becoming coaches.
- **The program could better standardize materials and resources to share with clients.** Coaches and clients were interested in greater promotion of the program and its benefits.
- **The program could expand its offerings.** Clients thought creatively about how $tand By Me could do more, such as youth-oriented programming, small group sessions, or adding extra coaches to high-demand locations.

What Lessons Does $tand By Me Offer Others Interested in Financial Coaching?

The $BM program offers a unique and compelling example of program design that other states and localities could consider when developing financial coaching programs:

- **The program is accessible to all residents in Delaware without eligibility restrictions**. This may help reduce some of the real or perceived stigma people feel when seeking help.
- **The services are free**, meaning that even those with very limited means can participate. The program has served nearly 16,000 Delawareans with financial coaching—a large figure for a small state, especially for a program that started in 2010.
- **The program is a public-private partnership**—a combination of state government, philanthropy, nonprofits, and local employers. The program therefore works in a range of venues, from for-profit employers to nonprofits to state-affiliated programs. The program's leadership is jointly held between the state's Department of Health and Social Services and the United Way of Delaware.
- **$BM has integrated coaches in other human service environments and workplaces**. Integrating coaches in existing agencies and offices can be challenging. Coaching work can be isolated from other activities, and recruitment can be hard. In Delaware, however, $BM has successfully integrated its coaches in several other contexts. Even though coaches did not have a client base at the start, they have been able to build demand for their services.
- **The program emphasizes a culture of performance management and results orientation.** $BM has developed a customized data system for tracking clients and coaches. This translates into monthly coaching benchmarks to demonstrate coaching activity.

An Evaluation of the $tand By Me Financial Coaching Program

For the past decade, the state of Delaware has offered its residents a financial empowerment program—$tand By Me ($BM)—dedicated to improving the financial well-being of all Delawareans. The program's start was modest, but it has grown rapidly in scope and size to reach diverse populations across the state. This growth is in part thanks to its unique structure as a public-private partnership and its focus on delivering free services through professional one-on-one financial coaching.

In 2018, the state of Delaware and the United Way of Delaware contracted with the Urban Institute to evaluate whether the program has succeeded in its mission to improve the financial lives of the Delawareans it serves. For the past two years, Urban has been evaluating $BM to holistically understand the program's outcomes. Urban researchers have conducted interviews and focus groups with stakeholders and leaders connected to the program, financial coaches employed by the program, and residents served by it. Urban also surveyed new program entrants, analyzed existing program data, and conducted a quasi-experimental analysis to understand how $BM affected clients' credit and financial well-being. This report summarizes the study's findings, describes the program's successes, discusses areas that could be strengthened, and provides lessons learned that others could apply to similar programs.

Background on the $BM Program

$BM is the statewide financial empowerment program in Delaware. The program's mission is to empower Delawareans to have more control over their finances. Established in 2010, it is a public-private partnership led by the Delaware Department of Health and Social Services and the United Way of Delaware. Since launching its first pilot site in 2011 at Hudson State Service Center in New Castle County, $BM has evolved into a statewide campaign operating in hundreds of locations, with the goal of improving Delaware residents' economic security.[1] To date, over 110,000 Delawareans have been served by the program—with almost 16,000 participating in personal financial coaching alone—to improve credit scores, increase savings, and reduce debt.[2]

$BM offers many free services to all Delawareans, including financial literacy workshops, tax preparation, access to financial products and services, and planning assistance related to postsecondary

education financial aid.[3] $BM's main offering—and the one documented in this report—is free, one-on-one personal financial coaching. Financial coaching differs from other financial counseling approaches because it is individualized, grounded in each participating client's goals, but also broader and more holistic. Coaches collaborate with their clients to set measurable and attainable goals to improve their financial well-being. In follow-up meetings, coaches help clients achieve their goals, often through short-term tasks, such as monitoring bank balances and managing credit scores. The goals generated in financial coaching sessions are realistic targets for clients, with an optimal outcome of client self-sufficiency and agency regarding financial actions and outcomes. Financial coaches determine action plans based on clients' own needs, abilities, and interests, resulting in a holistic and individually tailored approach.

BOX 1

What Is Financial Coaching?

Financial coaching is a hands-on financial wellness approach in which trained financial coaches collaborate with clients to help them establish and reach their personal financial goals. The financial coaching model pairs a client with a trained coach who helps guide the client toward improving their financial education, setting financial goals, and making incremental progress toward those goals, such as increasing their savings, establishing or improving their credit, and/or paying off debt and rectifying delinquencies. One study described coaching as a long-term interaction with the goal of forming new positive financial habits (Collins, Olive, and O'Rourke 2013).

Financial coaching has emerged within the field of financial wellness interventions as a method to support clients in achieving their financial goals. Over the past two decades, financial coaching programs have proliferated throughout the US and grown through various service-delivery models. In 2007, there were approximately 40 active financial coaching programs in the US (Collins and Murell 2010). As of 2016, the Asset Funders Network estimates 2,265 coaches deliver services through 453 coaching organizations to approximately 18,120 clients monthly. Recognizing their success, federal agencies such as the Consumer Financial Protection Bureau have invested in financial coaching programs across the country (Kijakazi et al. 2019). Many coaches are also offering financial coaching services integrated or bundled with additional services (Theodos et al. 2015; Theodos, Stacy, and Daniels 2018).

Financial coaching and counseling are sometimes thought of interchangeably, but there are distinctions. Coaching shares similar elements with financial counseling, such as one-on-one coach-client interactions (Collins, Baker, and Gorey 2007). But, unlike financial counseling, financial coaching is more client driven and tends to focus on general financial well-being rather than alleviating an acute financial issue (Theodos et al. 2015).

What Is Distinctive about $BM?

Although the $BM program has parallels to other similar financial well-being and coaching programs, it has several distinguishing structural characteristics. First, it is positioned as a **statewide program**, something that exists nowhere else in the nation. This is feasible in part because of Delaware's size, being the second-smallest state in the US (in square miles). The limited geographic scale allows leadership, coaches, and sponsoring organizations to be in regular contact. It also ensures that programming is offered throughout the state because both sponsoring organizations and coaches can cover the entire geography.

Second, the program's **leadership** is a partnership between the state government of Delaware (housed in the Department of Health and Social Services) and the United Way of Delaware, meaning there are multiple high-level stakeholders working together to make the program succeed. The structure of $BM's leadership team reflects its unique position as a state program but also as a partner to nonprofit service providers. The $BM leadership team in the Delaware state government provides the primary guidance, oversight, and continuing education to the coaching team and helps develop relationships in state leadership and among participating organizations. The leadership team at the United Way of Delaware is a partner in decisionmaking, fundraising, and sharing the program with others in the state and beyond. The team also helps cultivate relationships with local nonprofits who may serve as host organizations to program coaches and clients. Meanwhile, host organizations exercise leadership through their roles as stakeholders, sponsors of coaches, and facilitators to clients seeking services.

Third, $BM was expressly designed to be a **public-private partnership**, meaning that the program seeks out organizations across the state to facilitate services to their clientele by directly working with coaches and coordinating with program leadership. Consequently, $BM works with clients through various venues, from for-profit employers (e.g., Dover Downs Hotel and Casino[4]) to nonprofits (e.g., Telamon Early Childhood Education and Head Start[5] and West End Neighborhood House[6]) to various state-affiliated programs. The mission to reach and serve Delawareans is facilitated by the development of robust and diverse public-private relationships with organizations throughout the state.

Finally, the program is **accessible to all** Delawareans. It is free and open to anyone interested in receiving assistance, and there are no financial qualifications that limit people from participating. Compared with other programs, there is no time limit on participation. Participants can continue receiving financial guidance or check in with their financial coach as often as they wish. Although the program is oriented toward helping Delawareans with low and middle incomes, anyone who seeks help can receive assistance.

Cumulatively, these structural elements contribute to a distinctive program that is far-reaching in its scope and mission, to improve Delaware residents' financial well-being.

Who Are $BM's Key Partners?

$tand By Me is a public-private partnership that relies on relationships across numerous organizations. Across varied partners, there has been a shared mission to increase the financial well-being of staff and clients across the state of Delaware. The following partners contributed to the $BM program in some way:

Clients partner with coaches and the $BM program to work on their financial goals. They are the end-users of the financial coaching services. They are generally affiliated with community partners who range from for-profit organizations (employers) to nonprofit organizations (providers of social services).

Community partners are organizations that host the $BM program by offering financial coaching in-house to complement benefits offered by employers to their workforce and/or community services offered to their clients (referred to throughout the report as "host organizations.") The program is frequently delivered on site at community partners' locations. Some community partners pay for a coach by making a charitable contribution to the United Way for this purpose, and others (primarily nonprofits) receive funding for a coach directly from the $BM leadership team's fundraising efforts.

The nonprofit sector has been an important aspect of the community partnership, and $BM is recognized as an important resource. For example, 12 nonprofits received funding for at least one coach to work with their clientele. Other nonprofits have hosted events that share information about the program and its resources.

Public-sector partners encompass many actors and played a major role in how the program began. $BM was a priority for Governor Jack Markell and his administration, so many state agencies took advantage of the services to serve their clientele:

- The Department of Health and Social Services took on leadership of the program and employed the program director.
- The Department of Education worked closely with the $BM program to create a strategy to support college-bound students' financial goals and paid for consultative services offered in almost all high schools—free of charge to the high schools and students.
- The Delaware State Housing Authority employed several coaches through a contract with the United Way to help families with low incomes improve their financial situation and move toward homeownership.

- The Delaware Department of Transportation employed a coach to work with aspiring disadvantaged businesses to help them become certified as Disadvantaged Business Enterprises (DBEs).

Aside from state government, the City of Wilmington also participated and employed coaches to work with the mayor's team on citywide community development efforts.

Funders of the $BM program included partners from the financial industry, national and local foundations, and those in the public sector. Funders were treated as partners who played a role in strategy and design for their investments. In some cases, joint grant writing was undertaken to combine the resources of $BM with those of host organizations.

FIGURE 1

$tand By Me Programs in Focus

$BM partners with numerous community-based organizations, employers, and child care centers across Delaware. This study highlights the six programs described below:

Community Services is the most general program, providing coaching at community centers for anyone who wants to attend.

Childcare Team coaches both parents and staff at child care and Head Start centers across the state.

Kiss Your Landlord Goodbye helps renters planning to transition into homeownership. The program helps clients meet the criteria to qualify for a mortgage and educates them about mortgage products and homeownership assistance programs.

Employer partners with employers around the state to provide employees with financial coaching. Christiana Care, which is a large hospital network, and Dover Downs Hotel and Casino are the two employers with the largest number of employees enrolled.

Workforce Development partners with workforce training programs to provide financial coaching to their students, helping students take advantage of their new income.

Hispano provides coaching tailored to the needs of people of Hispanic/Latinx descent and Spanish-speaking clients.

Data and Methodology

To understand the scope of $BM's financial coaching process and its outcomes, we conducted a comprehensive study of the program. We used qualitative methods, including interviews and focus groups of clients, coaches, and leadership. We also worked with $BM to survey new clients starting the program. We accessed $BM program data to understand the composition and characteristics of the client population. Finally, we purchased matched but de-identified credit reporting firm data on $BM clients and a comparison group of nonclients living in the Mid-Atlantic to understand the impact of coaching for participants relative to nonparticipants on various credit and debt metrics. We give an overview of the methodology in this section with additional detail in the appendix.

Qualitative Study

Client interviews and focus groups. We conducted semistructured interviews and focus groups with participants in the program, with the goals of understanding client perspectives of the coaching program, their personal goals, and any financial or other well-being outcomes from engaging with $BM. We conducted the interviews and focus groups in January 2019 at four different $BM sites in Delaware, including Christiana Care Hospital, Dover Downs Hotel and Casino, and two early childhood education and Head Start locations in Wilmington. We recruited these sites because of $BM's interest in understanding how the program worked at both employer and child care sites.

In addition to speaking with clients, we conducted two focus groups with nonparticipants in the $BM program—one at Christiana Care Hospital and another at Dover Downs Hotel and Casino—to understand perceptions of the program, levels of interest, and barriers to participation. We intentionally interviewed nonparticipants at each work site (Dover Downs, Christiana Care Hospital) to learn the perspectives of those who did not know about or were disinterested in the program to have this additional perspective. In total, we spoke with 25 $BM participants and 27 nonparticipants.

We recruited interview and focus group participants through personal contact with coaches and site-based program managers. Recruitment for interviews and focus groups at some employers consisted of open announcements made through the human resources department and employer-wide emails or other communications. It is possible that the clients who participated were (1) more engaged and satisfied with $BM and (2) motivated to receive incentives. Both of these factors could have biased who participated in our interviews and the perspectives they had about $BM. Interviews and focus groups generally lasted between a half hour and an hour and a half, were staffed by a facilitator and

notetaker, and were recorded for documentation purposes. Participants in the $BM program received $25 as a token of appreciation, and we provided nonparticipants with an on-site lunch.

Coach interviews. We interviewed 10 $BM coaches in August 2018 to better understand their perspectives on the program's structure, the coaching process, program successes, and potential areas of improvement. Coach tenures ranged from two to six or more years of experience with the program. We recruited coaches for participation through $BM leadership because of their tenure and varied experiences with different host organizations. However, the participation of more tenured coaches could have contributed to more positive viewpoints about the program and their roles within it because of their long-standing relationship with $BM.

We conducted all coach interviews in private rooms at the main $BM offices in the Department of Human Services buildings in Wilmington. Interviews ranged from 45 minutes to a little over one hour and were recorded for documentation.

$BM stakeholder interviews. To understand the program leadership's perspectives on the public-private partnership, how well the program has been achieving its mission, and areas of improvement, we interviewed 10 $BM leaders and stakeholders in spring and summer 2018. Interviews were semistructured and averaged about one hour in length. Stakeholders included state government officials, community leaders, and leadership at $BM program host organizations.

Survey Administration and Program Data

Survey of new clients. We worked with $BM to administer surveys to new clients before beginning their first coaching sessions. The survey gathered information about clients' backgrounds, financial well-being, and financial goals.

We programmed the web-based survey in Qualtrics, and it was available in both English and Spanish. Coaches either presented clients with a link to complete the survey before their first session, or clients completed the survey on a tablet presented to them at their first coaching appointment and before substantive activities. The typical client spent about 24 minutes completing the survey. In total, 199 valid survey responses were recorded.

$BM program data. $BM collects detailed program data on each client, often during intake at the first appointment with a coach. Program data include demographics, monthly housing costs, household characteristics, employment status, and total monthly income, as well as basic bank account and credit line information. Overall, 2,242 people were in the data during the period our study covers.

Impact Study

To understand how credit outcomes may have changed for $BM clients through participation in the program, we conducted a quasi-experimental study using a major credit reporting firm's data.

Clients enroll in $BM on an ongoing basis, and we sought to understand both precoaching data and postcoaching outcomes. To do so, we bought credit data for five specific months for all clients—October 2016, January 2017, April 2017, April 2018, and July 2018. We then approximated an 18-month precoaching and postcoaching timeline for each client and selected the most appropriate month of data before and after program participation to calculate changes over time.

- For clients who began programming between February 1 and April 30, 2017, their precoaching record is from October 2016 (three to six months before their first coaching session) and their postcoaching record is from April 2018 (or approximately 18 months later).
- For clients who began programming between May 1 and July 31, 2017, their precoaching record is from January 2017 and their postcoaching record is from July 2018.
- For clients who began programming between August 1 and October 31, 2017, their precoaching record is from April 2017 and their postcoaching record is from July 2018.

We attempted to access credit data for 2,242 $BM clients who entered programming between February 1, 2017, and October 31, 2017. Overall, 1,916 clients were present in the credit data at least once during the study period. Of these clients, 1,803 had both precoaching and postcoaching records. Finally, we excluded another 13 clients who were either missing program data, or in a single case had attended the "Negocios" coaching program, which did not have other first-time participants during our sample period. After these exclusions, 1,790 clients were included in the impact analysis. For the impact analysis, Urban never had access to clients' personally identifiable information, and the privacy of client data was maintained.

To estimate the impact, we compared the financial conditions of those who participated in $BM with a comparison group of similar people who did not participate. By comparing $BM clients with a comparison group during the months before and after clients participated in the program, we assessed the program's impact as recorded in credit data.

To create the comparison groups, we also purchased credit data for the five months identified above on people in nearby counties in adjacent states (Maryland, New Jersey, and Pennsylvania) who did not participate in the $BM program. These data (and also the client data) were de-identified, meaning no personally identifiable data were associated with the records.

Given that clients are more likely to begin coaching when they are struggling financially, some improvement in creditworthiness and financial well-being may have happened even in the absence of coaching. Thus, we matched clients to a comparison group with similar baseline attributes. Our primary analysis matched clients using Mahalanobis distance matching to select the individuals for the comparison group that most closely resemble $BM clients. We then determined the treatment effect of $BM and assessed its statistical significance using the methodology described in Abadie and Imbens (2006 and 2011). As a robustness check, we also implemented propensity score matching, which uses a model to estimate the likelihood of participating in a $BM program and then matches individuals based on their estimated likelihood of participation. These results are provided in the appendix.

Once the comparison group was defined, we compared outcomes between clients and the comparison group.[7] We estimated the impact of coaching on several credit attributes and on three summary measures. The first measure examines whether clients have more or fewer types of debt. The second measure examines the ability to reduce debt. The third measure examines changes in delinquencies and collections.

For clients, we analyzed changes in credit attributes between the precoaching period and the postcoaching period. Because the comparison group members did not receive coaching, we calculated outcomes using the precoaching and postcoaching dates of the matched clients. We estimated impacts for both matching methods using difference-in-differences techniques to better identify the effects of the $BM program on participants' outcomes.

Findings

The Urban team examined the $BM program from various vantage points—including interviews with leadership, coaches, and clients and analyses of survey, program, and credit data—to understand how it operates and serves clients. The following section summarizes these findings, including (1) the program's structure and operations, (2) the clientele served, (3) information about how well they are served, and (4) program outcomes over time for clients, as documented in credit data. The findings overall show that clients saw measurable changes in aspects of their financial well-being, both in their perceptions of progress and on various credit metrics.

Structure and Operations of the $BM Program

LEADERSHIP

$BM's public-private partnership model is a key program feature compared with other financial coaching programs. The program is a joint effort between the state of Delaware's Department of Health and Social Services (DHSS) and the United Way of Delaware and was championed by former Delaware governor Jack Markell. Its elevation to the state level positioned $BM to gain traction and exposure to community leaders and large employers across the state. $BM leverages the capacity of its 31 implementation and program partners—community-based organizations, child care centers, and employers—to help further its mission of increasing economic stability for Delawareans.

The leaders of these respective organizations are responsible for integrating the $BM financial coaching program in their organizations and contributing to its financial sustainability. Host organizations pay the salaries of coaches working with their employees and service populations, but the United Way of Delaware and the Department of Health and Social Services conducted fundraising to pay coach salaries for most organizations (especially in the nonprofit sector).

Although the partnership has successfully increased access to financial coaching across Delaware, managing and communicating with partners is critical to the program's continued success. Coaches are embedded within different organizations, with varying goals and organizational cultures. To ensure programming consistency, it takes a centralized team and a skillful taskmaster to ensure each coach is connected to the resources they need to best serve their clients.

> *$tand By Me pays attention to their coaches, despite being at different organizations or employers. They don't leave them on an island.*
> *—$BM stakeholder*

Each leader has a varying degree of involvement in the implementation of financial coaching within their programs. Some are not involved in the day-to-day management while others are directly involved in the recruitment and hiring of new financial coaches for their service population. Others have participated in the specialized weeklong training that $BM coaches undergo to better understand the services coaches can offer. Regardless of level of involvement, several stakeholders noted the high demand for financial coaches as part of their services.

The demand is high right now and we track what all the coaches are doing on a monthly basis. They're doing well and serving. People know about the program. We've got a new website. We put a "request for service" on it and we get hundreds of requests. We have a 24-hour turnaround rule. Do we have enough capacity? The question is, "Do I have enough money?"
—$BM stakeholder

Overall, the majority of partners believe $BM has had a positive impact on their organization's ability to administer their core services, as increasing economic stability is aligned with their respective goals.

RECRUITMENT AND TRAINING OF COACHES

Recruitment. Coaches came to the $BM program with various backgrounds. They were recruited to the program rarely having financial coaching experience and instead hired for their potential as coaches. Program leadership within the $BM program in the Department of Health and Social Services (DHSS) typically hires new coaches. However, host organizations may weigh in on hiring decisions, particularly because the coaches may be especially integrated in program services in some locations. Program leadership noted they look for qualities that suggest candidates could be supportive coaches. Coaches may also be hired because they have worked with populations of interest for the program—for example, older residents, those of Hispanic/Latinx descent, parents of children in Head Start, or other important demographic considerations.

None of the coaches interviewed by Urban had been financial coaches before their employment with the $BM program, but many had worked in social services (e.g., case management, elder care, HIV outreach, Head Start), and others had related experiences (in banking and business). Most came into the program through cold applications to job postings; others came to $BM through employment by other Delaware Health and Social Services programs.

Training program. The training program for $BM coaches consists of a five-day course developed by associates at the University of Delaware and largely facilitated by the state of Delaware leadership team. The training program's content is primarily based on coaching best practices and culminates in a certificate from the University of Delaware upon completion. When we asked coaches about their

satisfaction with the training, those interviewed were evenly split about its benefits to their day-to-day work because it was so focused on learning coaching skills. As one coach described, "It's a four-to-five-day training. It's a lot of information on how to ask questions and not tell the individual what to do. It's helping them arrive at conclusions on their own. Just to have an a-ha moment." Although coaches may not have started $BM with a background in personal finance, the long tenure of many coaches resulted in them gaining experience on such topics over time.

After training completion, coaches can shadow other seasoned coaches and are given flexibility about who they shadow and for how long. For some, the shadowing duration was over a month to observe practices in working with clients and become comfortable working with clients independently. The shadowing process encouraged peer-to-peer learning and the development of expertise in different finance topic areas which helped to collectively enhance the knowledge base of $BM coaches. Further, stakeholders and coaches were positive about the shadowing process and reported that shadowing is especially important for solidifying the classroom training and helping build camaraderie among coaches.

Some host program leaders, as well as coaches themselves, reported that continuing education on financial topics could be improved. Coaches reported that the five-day training is strong on how to be a coach but had very little information on best practices with finances. Coaches report having to learn about financial literacy on their own by looking up materials, consulting coaches they considered experts on different elements of finances (credit, saving, budgeting), sharing materials with other coaches or within programs, and learning new information at the program's monthly coaches' meeting. Many expressed that the lack of unified financial training was a program shortcoming—most wanted more formal training.

Likewise, other coaches reported that what was included in their training was not always applicable to the specialized needs of their service population. For example, those in the program dedicated to serving older Delawareans, $tand By Me 50+, may need help connecting with social services, while those in housing-based programs may need help improving prospects for homeownership. Similarly, coaches reported that those in $BM Hispano, the program designed to help Spanish-speaking Delawareans, sometimes needed help getting Individual Taxpayer Identification Numbers, or ITINs. A few coaches reported that their partner organizations paid for them to take trainings, while many reported having to find materials and free training courses online to become well versed in niche areas related to their populations and stay up to date on general financial literacy.

COACHING MODEL AND PROCESS

$BM's coaching model has standard elements but also reflects variations consistent in coaches' affiliations with host organizations and their on-the-job autonomy. $BM has a public-private partnership structure that guides not only its leadership decisions but also program implementation—including how coaches are hired, affiliated, and deployed throughout the state. The various host programs—employers, schools, and nonprofit human service providers—facilitate the connections between coaches and clients who access $BM programming. But host programs may help hire coaches and, in some cases, host coaches on site to serve their employees and clientele. By being involved in the hiring process, host programs ensure that coaches are a good fit for their program's needs and mission. By hosting coaches on site, coaches get to know the distinctive needs of each host program's clientele.

Coaches work for these different programs, meaning they share the overall mission of $BM but specialize by working with partners' affiliated populations.[8] For example, the coach working for Christiana Care Hospital is paid by the hospital, meets with clients on site, and understands the distinctive financial needs of this population. Further, stakeholders reported that, because coaches are closely integrated in program operations, $BM has a positive impact on the host organization's ability to administer services beyond coaching.

Client recruitment. Coaches do not necessarily have an immediate client base to serve, so recruitment is an important aspect of their roles. Recruitment strategies are up to the coaches—ranging from word of mouth to referrals from their affiliated programs to holding orientation sessions to going to churches and community health fairs to approaching people individually. Coaches noted that having host organization staff on their side helps with coaching referrals. Finding new clients can be a challenge for coaches, particularly when new to the role.

However, recruitment is strongly enhanced by word of mouth at some sites. For example, clients we interviewed at workplaces underscored how important word of mouth is for the program's outreach. Numerous $BM clients reported signing up for the services because other people had either participated and found success or knew about the program's reputation for results. At both Christiana Care Hospital and Dover Downs, the human resources departments were also helpful in sharing information through their employee portals and at employee orientation seminars. At the child care sites, word of mouth spread similarly among employees and from providers to parents.

One of my really good friends in my department—we call each other sisters—she won't come to [the coach] because she says she's such a mess. And I said, "Go to him with your mess. You weren't any more of a mess than I was, let me tell you." I said, "But go to him with the mess; that's why he's here, to help us get out of our mess."
—$BM client

Benchmarks for success. Coaches are expected to meet monthly benchmarks to demonstrate successful outreach. In 2018, the benchmarks coaches had to meet increased from 16 new clients a month to 19, and a total of 54 appointments increased to 62 a month. Some coaches expressed stress about having to meet these new benchmarks, particularly because some drive long distances between coaching appointments. As many coaches reported, existing clients who schedule follow-up appointments make it easier for them to reach their benchmarks; once clients engage, they often return. Some coaches also reported that appointments might consist of phone calls or text interactions, which also helped them achieve their benchmarks more easily.

Curriculum. There was no set curriculum used by $BM coaches, but this was not necessarily viewed negatively. A few coaches reported that the "Mind Over Money" curriculum developed for the $BM program was helpful. But many more had developed their own sets of materials to use in their work, often in collaboration with their partner organizations.

Process. After recruitment, the first interaction coaches have with their new clients is through an initial intake interview. The intake meeting typically involves a one-hour, in-person interview at a location convenient to the client, whether at the workplace, their child care facility, or even a library or fast food restaurant. An important element of the intake meeting is a structured interview during which coaches record data in the $BM program data system. It is during this initial meeting that baseline data about saving, budgets, debt, and assets are surfaced, as well as clients' concerns and long-term goals.

The structure of the first coaching session is somewhat formal, in part because the beginning of the meeting is spent completing the intake form. The nature of the conversations, however, is oriented toward the client's needs and concerns. Most coaches begin by asking clients about their main reasons for starting the program. Clients' short-term priorities most often include improving credit, followed by budgeting and saving. Long-term goals often include homeownership. Some coaches explained that sometimes in initial conversations they would try to align expectations with reality for clients. As one coach reported,

> If they have an idea of a goal, I ask "What's your timeline?" to see how they're thinking [about] this year. They'll say, "I wanna buy a house [in] 1–2 years." Others are like, "I wanna buy a house in 3 months." Don't get me wrong, that's realistic in the moment, but I just want to work with them to extend the timeline.

Important in the first meeting, as reported by coaches, was familiarizing new clients with the coaching process, building trust, and connecting. From there, some coaches expressed preferences for completing a budget exercise, discussing findings in a credit report, or completing other exercises to help clients think about their financial standing. For the most part, coaches allow clients to dictate their paths, with credit reports and budget reviews used as touchpoints throughout the relationships.

Follow-up meetings happen at clients' desired pace, although many coaches expressed interest in scheduling a follow-up meeting at the end of the first meeting. Coaches reported that most follow-up meetings are also in person. Some reported using phone calls and texts to check on their clients after establishing a relationship and follow up on "homework" or elements where clients wanted support.

CONCLUSION: STRUCTURE AND OPERATIONS OF $BM

All participants in the process, from program leaders and stakeholders to coaches and clients, have a positive view of the program structure and operations. Project leadership and host program stakeholders report great pride in the program. Although they point to some weaknesses in the program (e.g., funding limitations that prevent them from offering the program to more people), they are generally supportive of the public-private partnership, the program leadership, and the coaches who are directly engaged with residents.

Further, most coaches we interviewed express deep enthusiasm for their work. They believe they are making a difference and are highly motivated to help people improve their financial lives. The coaches feel valued, appreciated, and heard by program leadership and by host organization staff. Clients report satisfaction with how available and accessible the program is, which is a credit to coaches on the front lines ensuring clients are engaged in the process.

Who Is Served?

Consistent with the program's mission to provide services "free of charge to Delawareans from all walks of life," $BM serves diverse clients across the state. In part, this is because the $BM program is delivered through host organizations serving an array of populations statewide, including those working for participating employers, child care staff and parents, high school students and parents in

the lead up to college, aspiring homeowners, the Hispanic/Latinx community, small business owners, those ages 50 and older, and those in workforce training.[9]

TABLE 1

$BM Programs Included in the Impact Study

Program	Number of clients in impact study
Community Services	687
Childcare Team	364
Childcare Team: Family	262
Childcare Team: Staff	102
Kiss Your Landlord Goodbye	307
Employer	260
Employer: Christiana Care	116
Employer: Dover Downs	66
Employer: Other	78
Workforce Development	111
Hispano	61
Total clients	1,790

Source: $tand By Me program data.

The program's data show that $BM's clients were relatively racially and ethnically diverse (table 1). Fifty-five percent of clients in our study identified as Black,[10] 27 percent as white, and 14 percent as Hispanic/Latinx. (For context, Delaware's population is 23 percent Black, 79 percent white, and 10 percent Hispanic/Latinx.)[11]

Most clients in our study had full-time jobs, but 12 percent were unemployed. Clients tended to have relatively low incomes, with a median monthly income of $2,000. However, 93 percent had health insurance.

$BM clients' financial characteristics, three to six months before their first coaching session, appear in table 2. Clients average roughly $47,000 in total debt, but that figure and the debt type vary greatly. Nearly 40 percent of clients had an auto loan and nearly two-thirds had a credit card, while about one in five had a student loan, one in eight had a personal installment loan, and only one in nine had a mortgage.

TABLE 2

Program Data for $BM Clients

Demographic data	
Number of participants	1,790
Sessions attended	2.5
Age, gender, and marital status	
Median age	39
Married	32%
Female	71%
Race	
Black	55%
White	27%
Hispanic/Latinx	14%
Asian	1%
Income and employment	
Median income	$2,000
Employed full time	65%
Employed part time	12%
Unemployed	12%
Other demographics	
Disabled	10%
Veteran	4%
Has health insurance	93%

Source: $tand By Me program data.

Note: This table describes the 1,790 clients included in the impact analysis.

TABLE 3

Credit and Financial Characteristics of $BM Clients before Coaching

Financial characteristics	(mean)
Debt types	
Percent with an auto loan	39%
Percent with a credit card	63%
Percent with a personal installment loan	14%
Percent with a mortgage	11%
Percent with a student loan	21%
Debt levels	
Total debt balance	$46,928
Auto loans (of those with this debt type)	$15,779
Credit card balances (of those with this debt type)	$3,535
Personal installment loans (of those with this debt type)	$7,226
Mortgages (of those with this debt type)	$154,855
Student loans (of those with this debt type)	$33,621
Debt repayment and behavior	
Credit Score	573
Number of credit cards	2.4
Credit card utilization rate	57%
Percent with delinquencies	38%
Percent of all open delinquent debt	5%
Number of debts in collections (medical)	1.41
Number of debts in collections (nonmedical)	1.35
Curing	0.80

Source: Urban Institute estimates using data from a major credit reporting firm.

Note: This table describes the 1,790 clients included in the impact analysis.

How Well Are Clients Served?

$BM clientele were generally satisfied with the program and noted financial progress. As is the case with financial coaching programs, the experience of both coaches and clients during the engagement matters deeply for the success of coaching interactions and the program overall. In this section, we explore the coaching experiences among coaches and participants and how they may vary according to starting points, with data drawn from interviews with coaches and interviews and focus groups with clients.

CLIENT EXPERIENCE AND THE CLIENT-COACH RELATIONSHIP

Client-coach relationships were overwhelmingly positive. Both coaches and clients reported high levels of satisfaction with the arrangement. Coaches reported immense pride in their work and felt they were directly helping clients improve their lives. Clients felt that coaches were trusted partners nearly right from the start and put them at ease.

Trust. Clients expressed deep trust in their coaches. They appreciated that their coaches set an open and nonjudgmental tone for discussing their finances, which for some has been a source of shame. The quick establishment of trust was one key to successful engagement. Coaches reported that important in the first meeting was not only familiarizing new clients with the coaching process but also building trust and connecting.

> *I think it was instant, because when you walk in, he's very friendly, he's very opening and welcoming. So, I think it was kind of instant for me. He jumps straight into it. He doesn't lollygag around. He's just straight in, "Let's look at your finances. Let's see what you got." And that's what I did like.*
> *—$BM client*

Clients reported that trust is maintained throughout the coaching engagement. Both coaches and clients reported that engagements can sometimes be intermittent. When clients returned to coaching after some time, they felt welcome and the rapport between coach and client did not suffer in the absence of regular interactions.

Goal setting and engagement. Most coaches reported starting with clients by asking what their main reasons were for beginning the program. Discussions about goals emerged throughout the coaching relationship, though, particularly as coaches and clients built trust.

Clients' immediate goals, as reported in focus groups and interviews, were often to get their credit in order, address debt, and get a handle on expenses. These interests were reflected in the survey data collected from participants before their first coaching session. Over half (54 percent) reported they were seeing a financial coach to improve their credit scores and 4 in 10 were seeing a coach to decrease debt.

Long-term goals were also often motivators, and multiple clients in focus groups and interviews reported the desire to take vacations and own homes. A few clients reported they had purchased a home or were well on their way, particularly if they had been coached for a year or more. Clients reported learning a great deal from their coaches.

Well, I bought a home. And, if it wasn't for [my coach], it wouldn't have happened. All the paperwork that I was getting from the realtor, I would bring it to [my coach] and say, "This is what I got." He'd say, "Okay, you need to do this, you need to do that. Okay, let's do it. Let's get it done."
—$BM client

Some coaches explained that at times, in initial conversations, they would have to align clients' expectations with reality. Although purchasing a home was a common goal among clients—and the Delaware housing market has stock at prices that make this a feasible goal for many clients—at times, coaches needed to temper clients' aspirations. But clients generally appreciated that coaches were straightforward and pragmatic in their approaches.

Frequency and nature of interactions. The initial coaching session, according to coaches, is about establishing a connection and having clients articulate some of their goals and reasons for initiating coaching. From there, each coach had different preferred next steps. Some coaches had clients complete a budget exercise, discuss findings in a credit report, or complete other unique exercises to help clients think about their financial standing. For the most part, coaches allow clients to dictate their

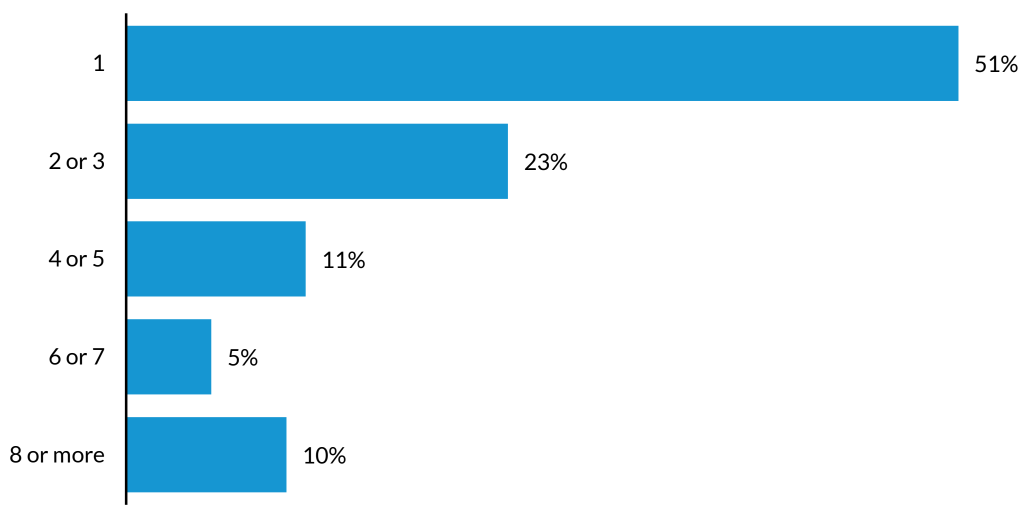
paths, with credit reports and budget reviews used as touchpoints throughout the relationships. Each coach expressed some preferences about what they believed worked and sometimes steered clients toward exercises that reflected these interests. For some coaches, they saw merit in guiding clients toward saving small amounts of money regularly; for others, it was working with clients right away to address blemishes on credit reports.

Coaching interactions were somewhat dictated by the nature of the relationship between coach and client. For example, one workplace-based coach has established relationships simply by walking the halls and getting to know the employees. He nudges people to come back to coaching by engaging and connecting with them. Generally, coaches reported that clients may try to come back within the month, others may wait a few months until their next appointment, and others still may not come back within the year. For more established clients, coaches might call or text them out of concern if they go silent for an extended time. All coaches reported welcoming people back to coaching at each client's pace.

$tand by Me's openness to serving clients at their own pace was reflected in the program data as well (figure 2). On average, $BM clients attended 2.5 coaching sessions—in line with or above averages for other coaching programs (Theodos et al. 2015; Kijakazi et al. 2019). Over half of clients (51 percent) attended only one session. Conversely, 10 percent of clients attended 8 or more sessions. These program statistics reflect the consistency of the offerings and the acceptance that some clients will need only one session while others will seek a longer-term engagement.

FIGURE 2

Number of Coaching Sessions Each Client Attended



Source: $BM program data.

PERCEPTIONS OF CHALLENGES AND SUCCESSES IN CLIENTS' FINANCES

Challenges. Clients listed numerous perceived challenges to improving their finances in interviews and focus groups. The most-cited challenge related to various medical expenses—including medical billing issues, erroneous charges, the high cost of medical insurance coverage, lingering debt related to medical emergencies, and high-cost treatments not well covered by insurance.

Other frequently cited challenges in the focus groups and interviews Urban conducted included difficulties with financial management, namely trouble budgeting and overspending. This is also reflected in findings from the survey conducted among clients before their first coaching appointment; only about one-quarter (26 percent) reported they were following a budget upon starting the program. Similarly, in the survey, very few first-time clients reported saving money before starting $BM. The most-cited reason for saving money in the past month was for emergencies, and only 12 percent of new clients were doing so in the month before starting the program. On average, new clients at Christiana Care reported the highest average savings (around $10,000), while those working at child care facilities reported the lowest average savings (around $900).

In focus groups and interviews, participants reported the high cost of expenses as a barrier as well, including car repairs, housing costs and related bills, child care and other related children's expenses, and student loans. Job uncertainty, low income from current jobs, and lingering debt from the client's own or spouse's unemployment were other cited challenges. Very few participants cited emergency expenses explicitly, but many had experienced unexpected medical and car-related costs in the past year. Two participants had either been recently homeless or were homeless at the time of the interview.

Coaching helped clients address some of these financial challenges over time. But for some clients, lingering anxiety and financial constraints remained. These constraints sometimes spilled over into their relationships with friends and family and their abilities to manage stress.

You got a trash bill. You've got to pay for the water bill. The toilet's not working. The heater's not working. You get stressed out now at the last minute. Who you going to call?
—$BM client

Successes. Clients in $BM came to the program for various reasons. In focus groups and interviews, a few clients reported having good financial practices before starting the program and were seeking

additional help with some aspects of their financial lives (like better handling student loans or moving toward homeownership). But the majority said that they were coming to a $BM coach because they had been in difficult financial situations, like living paycheck to paycheck, being deeply in debt, having debt in collections, or managing crises like homelessness. For these participants, $BM helped them figure out a more sustainable financial path and they reported various successes that they attributed to the program.

Findings from the survey data of clients before starting their first coaching session show that they did not have much confidence in or optimism about their finances when starting the program. For example, when asked to assess their financial standing right before starting their first coaching session, most first-time clients (42 percent) rated their finances as just being "okay" and another 16 percent rated their finances as "poor." Clients who were already engaged in the coaching process were notably optimistic about their financial futures during interviews and focus groups with the Urban team. Some clients reported that after only one meeting they felt more confident about their financial futures.

So, I walked in there being like, "I have no hope. I'm gonna have no life. My entire life is owned by the bank until I'm like 80 years old, and then what?" And then I walked out being like, "Everything maybe will be okay." It was really a big deal, actually.
—$BM client

When asked about their successes, most clients were hopeful about the financial trajectories they were on, even if there were still imperfections in their portfolios. Clients had extensive pride in their budgeting capabilities, felt there was more money in the bank, believed they were better managing their debt and credit, and had enhanced abilities to pay bills, manage their spending, and save as a result of their new habits. Clients not only expressed hope about their pathways and financial futures, but they also communicated a sense of empowerment and control and, for some, less stress because of this.

Two years prior, I was working two jobs and I still felt like I didn't really have control over my finances. So, a year ago, the beginning of the year, I actually said, "You know what, I'm going to quit my second job and I'm gonna make a way. I'm actually going to make it work. I have the funds, I just have to have the know-how to make it work." So, I'd say a year ago, I didn't even have a budget [and now I have one].
—$BM client

With the sense of hope and empowerment also came a desire among some to help others in their networks get on a better financial pathway. This was particularly the case for clients receiving coaching at their workplaces. Most clients participating in $BM through their employers heard about the program through word-of-mouth referrals and positive endorsements from coworkers. Similarly, some clients spoke about encouraging others to participate because of their positive experiences. In some instances, the positive feelings for the program also led to positive feelings for their employers.

[I] told people in my department, "$tand By Me is the best thing you can do. It's free and the help is phenomenal."
—$BM client

This newfound confidence—for a few clients with families—also carried over to relationships with spouses and partners, children, and extended family. There was a desire to teach better financial habits within their families. A few others expressed some resentment that they had not been taught better financial practices growing up. For a few $BM clients, their newfound knowledge was necessary to keep their financial successes on track by either getting spouses or partners on board with a shared budgeting and spending plan or getting children to understand that spending on certain "extras" had implications. For a few others, this was also about ensuring that children developed better habits to carry into adulthood.

Growing up, we never had financial security and my parents didn't teach us financial stability, so I went to learn. I want to learn that so that I can pass it on to my younger siblings. —$BM client

RECOMMENDATIONS FOR PROGRAM IMPROVEMENT

Both clients and coaches were relatively happy with $BM, but they offered recommendations for improving the program. The following are major recommendations provided by both groups, as well as thoughts from nonparticipants.

Coaches. Coaches were happy with the $BM program but cited areas of improvement as important considerations for the program's future:

- **Funding** was as an issue raised by at least three coaches during our interviews as the thing they would most like to change about the program. One unique feature of the $BM program is that it is a public-private partnership. This means that private partners—not the state of Delaware—pay the coaches, purchase their supplies, and support professional development. Conversations with the coaches suggest that some partners are more supportive and have deeper pockets than others. Some partners also have more sustainable funding than others, which means that for some coaches there is a layer of uncertainty about whether there will be enough funding for the coaches already hired or the capacity to hire additional needed coaches. Further, one coach said the reliance on private funding resulted in unequal pay among coaches, despite having the same expectations for job performance. A few coaches wanted more state-level support, either with funding and materials or, at the very least, designating dedicated contacts to help $tand By Me coaches navigate state benefit programs to help their customers connect to such programs faster.
- Numerous coaches also raised the need to have **deeper training in finances**. Credit was especially called out as a topic about which they wished the $BM team had deeper knowledge. The training and shadowing were cited as important for their development as coaches, but coaches said they often educated themselves about finances on their own or with the help of another coach in the program. The $BM coaches convene monthly where—among other things—there is generally a presentation given about financial knowledge. Coaches have

appreciated these presentations, but they have not completely satisfied coaches' interest in developing a deeper financial knowledge base.

- Another area of concern expressed by coaches was about the program's **mission and scope**. Because there are so many disparate funders and partnerships, the leadership structure was sometimes confusing and, in the words of one coach, it could sometimes be unclear who got to "call the shots." As the program grows, one coach expressed concern that quality would be harder to maintain and the focus of their mission and who they serve would become increasingly disparate. Meanwhile, another coach believed they should have more resources to cover the whole state and serve additional target populations of need. As the program grows, program leadership may need to reevaluate their mission and whether all communities can or should be served.
- **Recruitment** is up to the coaches to sort out. Approaches ranged from word of mouth to referrals from their affiliated programs to holding orientation sessions to going to churches and community health fairs to approaching people individually. Coaches noted that having program staff on their side also helped with coaching referrals. But, for some coaches, finding new clients was a challenge. With an increase in the monthly benchmarks that coaches had to meet (19 new clients a month and 62 appointments overall), this felt stressful to some.

Clients. Overall, clients were incredibly happy with the program, such that they want it to be more accessible to others who could see the same benefits. Along those lines, the recommendations from clients to improve the $BM program were primarily about expanding access by

- offering more reading materials or things they can share with others;
- creating a youth education program—primarily targeting high school students—but perhaps extending to younger children, too;
- promoting the materials and program more through advertising, especially about the benefits that clients realize through their participation;
- having more coaches available, especially at high-demand locations like Christiana Care Hospital where there is a waiting list;
- holding small group coaching meetings where clients can meet with and talk to others going through the coaching process; and
- improving the information conveyed on the website (with the caveat that interviews occurred before the website was redeveloped at the end of 2019).

Nonparticipants. Focus groups with nonparticipants suggested that some might be inclined to participate in $BM in the future. Others did not see an immediate need for the program, either because they felt that their finances were beyond repair or they felt confident that their finances were under control.

The nonparticipants who were interested in $BM coaching found it quite difficult to get appointments. This was either because of demand or because free time in their schedules did not coincide with available coaching time slots. Others wanted to have spouses participate, too, and their partners' schedules and willingness were cited as a barrier. These people reported that if the program had available time slots, they might have already participated. So nonparticipants cited their perceived difficulty with scheduling an appointment at a convenient time as a chief impediment.

CONCLUSION: HOW WELL ARE CLIENTS SERVED?

Overall, clients and coaches reported that the program is serving clients' needs well. Clients and coaches saw positive results from the coaching process, which motivated both to continue engagements. Although a slight majority of clients attended only one session, others continued meeting with their coaches for years. After only one session, clients reported trust and rapport with their coaches and emerged with increased optimism that they could tackle financial issues they may have previously ignored. This led clients to recommend the program to others in their networks. If access to $BM were expanded, many nonparticipants reported they would also seek out program services.

Clients came to $BM with many financial challenges. The top challenges cited included medical bills, credit and debt challenges, and poor financial management. But, in only a short period of time, clients and coaches alike reported successes. For some, these successes included having a budget or savings cushion for the first time. Others reported long-term successes like having improved their credit after years of neglect, taking a dream vacation for which they saved, or purchasing a home. $BM coaches helped clients improve their finances—no matter their starting point—and clients were confident about their financial futures.

Assessing Impact on Debt Holding, Behavior, and Access Using Credit Data

Financial coaches endeavor to support their clients in many ways—whether budgeting or negotiating debt repayment or working toward a savings goal. Many coaching benefits are attitudinal or perceptual—relating to financial stress, security, and well-being (Theodos et al. 2015). Others are reflected in bank account balances or even holding a bank account in the first place. Unfortunately, we

do not have access to self-reported perceptual or asset-holding data from clients and a comparable group of people—the latter is needed for an impact assessment. Although more limited than the full set of outcomes coaches intend to affect, we were able to purchase debt and credit information of clients and a comparable group of people from a large credit reporting firm.

To understand the impacts of $BM's financial coaching on debt holding and behavior, we examined clients' credit data before and after coaching. Using a difference-in-differences framework, we compared changes for $BM clients with changes for a matched comparison group. We created the comparison group using a matching-based approach.

The estimates discussed in this section are average impacts on a diverse group of clients. As shown in figure 2, about half of clients attend only one session, while 15 percent attend 6 or more. Moreover, each client brings their own unique goals into coaching. For example, one client may want to improve their credit score to qualify for a better mortgage rate while another may be focused strictly on reducing debt. Increasing debt levels might be a positive outcome for some clients and a negative for others.

MORE $BM CLIENTS HAD CREDIT SCORES AFTER COACHING

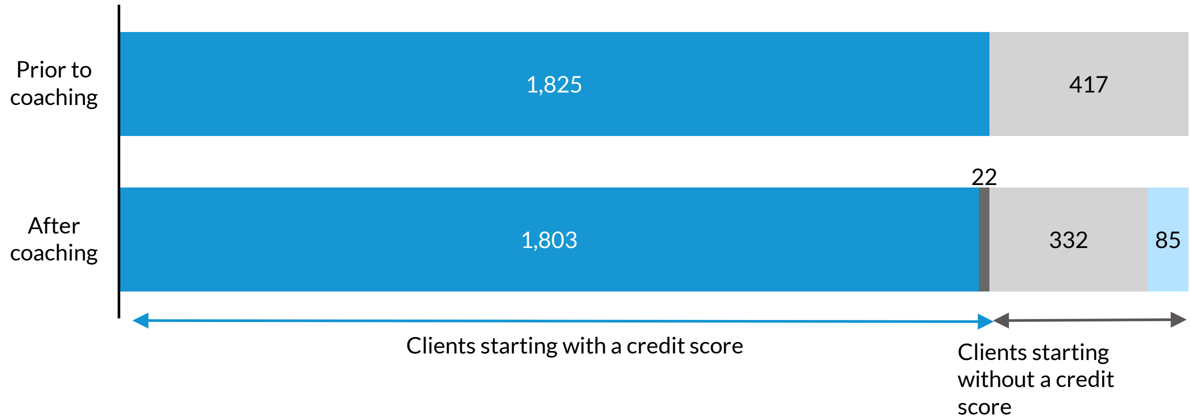
Nineteen percent of US adults lack a credit score either because their use of credit is too short or relies on too few accounts (Brevoort, Grimm, and Kambara 2015). Lacking a credit score is more common among young adults, those with low incomes, and Black or Hispanic/Latinx people. One potential benefit of coaching is to help those who do not have credit scores achieve a scorable credit record (Roder 2016).

Our credit data indicates whenever $BM clients gained or lost a credit score between the precoaching and postcoaching periods.[12] As shown in figure 3, about 19 percent of $BM clients (417 people) did not have a credit score when they entered coaching—the same share as for the US overall. Of those lacking a precoaching credit score, 20 percent (85 clients) became scorable by the postcoaching period. In contrast, 22 of the 1,825 $BM clients with initial credit scores became unscorable over the same period. This means the share of clients who were unscorable fell from 19 percent to 16 percent at follow-up. Although not calculated as a program impact relative to the comparison group (because data on unscorable people would not be available to include in the comparison group), this finding suggests $BM coaching helped some people gain a scorable credit record.

FIGURE 3

Number of Clients with and without Credit Scores in Each Period

Blue shades represent clients with a credit score; grey shades represent those without a credit score



Source: Urban Institute analysis of data from a major credit reporting firm.

DEBT TYPES AND ACCESS TO CREDIT

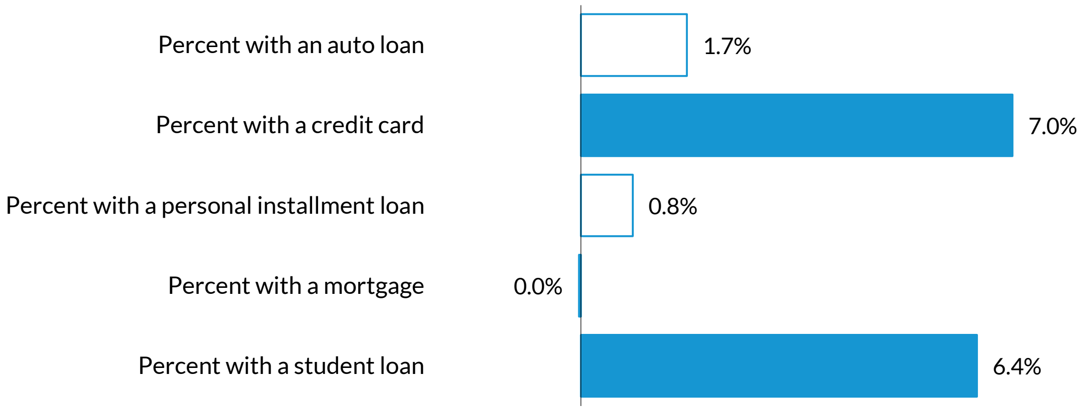
Coaching clients took advantage of both becoming scorable and their improved creditworthiness by taking on new forms of debt. Figure 4 displays the estimated impacts of $BM on the share of clients with debts and accounts of different types. The largest shift was in the share of clients with a credit card. Clients increased their credit card holding by 7 percent more than the comparison group. At follow-up, 71 percent of clients had a credit card. (This was an 8 percent increase over precoaching levels.)

The other large difference between clients' and the comparison group's debt types was in student loans. The rate of student loan holding increased 6 percent in $BM clients relative to the comparison group at follow-up. At baseline, about one in five clients and comparison group members had a student loan. Overall, the share of clients with a student loan rose 3 percent while the share of people in the comparison group fell 3 percent. The largest increase in student loan take-up occurred among the clients who worked at Christiana Care (appendix table A.6). We also estimated statistically significant increases among clients in the Community Services and Kiss Your Landlord Goodbye programs relative to the comparison group.

The program did not show evidence of an impact on the share of clients with a mortgage. Both the treatment and the comparison groups rose by roughly 2 percent. Yet effects differed by program. Our estimates suggest that participation in $BM helped 11 percent of clients in the Hispano program get a mortgage. At the same time, coaching reduced the share of people with a mortgage in the Workforce Development program by 5 percent.

FIGURE 4

Estimated Impacts of $BM Coaching on the Types of Debt Clients Hold



Source: Urban Institute estimates using data from a major credit reporting firm.
Notes: Using a 95 percent confidence interval, solid bars represent statistically significant changes calculated between data that describe clients and matched comparisons 3 to 6 months before the first coaching session and 12 to 15 months after the first coaching session. Outlined bars represent differences that were not found to be statistically significant. More information on how we calculated statistical significance is available in the methods section.

Coaching also did not have a clear effect on the share of people with an auto loan or with a personal installment loan. Looking at individual programs, we find an increase in the share of people in the Kiss Your Landlord Goodbye program with auto loans and a decline in the share of Childcare program staff with personal installment loans. But results are not consistent across programs.

DEBT LEVELS

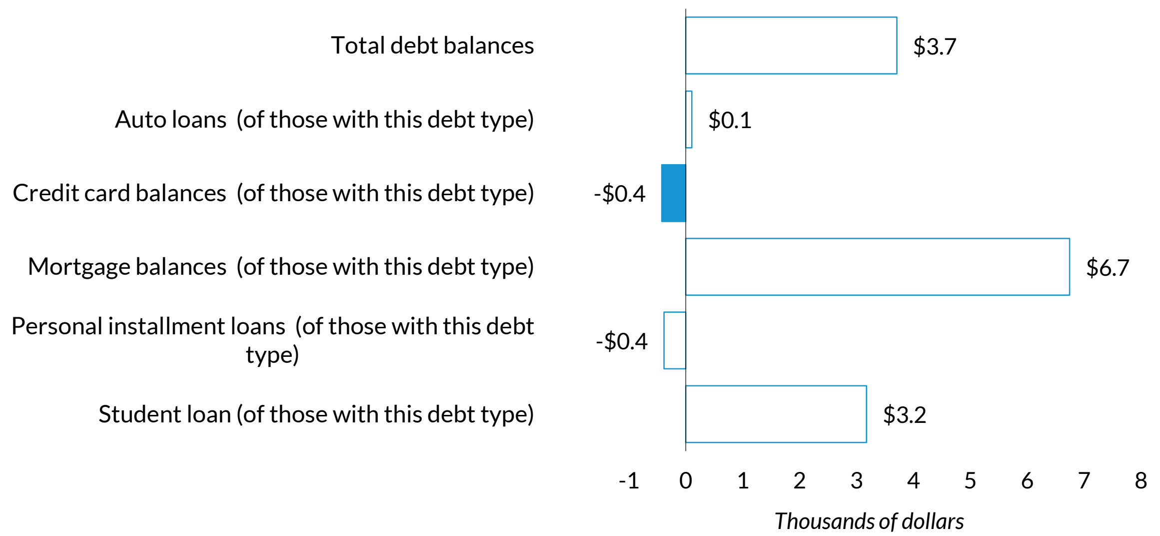
Our analysis of $BM's impact on debt levels is mixed. Most account types showed no impact (figure 5). However, using 95 percent confidence as a threshold for statistical significance, a joint test across multiple types of accounts shows an increase in debt levels relative to the comparison group. However, we do not see significant impacts separately when looking at total debt levels or at the amount of auto, installment, mortgage, or student debt. Based on the comparison group, we estimate credit card balances were $422 lower than they would have been if not for coaching (though they still rose from baseline to follow-up).

Looking at individual programs, total debt rose for clients in the Christiana Care, Hispano, and Kiss Your Landlord Goodbye programs relative to the comparison group. In the case of Christiana Care employees, much of this rise appears to be driven by student loans, and for Kiss Your Landlord Goodbye, it appears driven by mortgage debt, but neither can be determined with certainty. The source of increased debts in the Hispano program is less clear. We also find that clients in the Community

Services program (which serves clients who enroll outside of one of $BM's targeted programs) and Childcare Team family clients had lower credit card debt (by $774 and $738 per person, respectively) than the comparison group.

FIGURE 5

Estimated Impacts of $BM Coaching on Debt Levels in Thousands of Dollars



Source: Urban Institute estimates using data from a major credit reporting firm.

Notes: Changes are calculated between data that describe clients and matched comparisons 3 to 6 months before the first coaching session and 12 to 15 months after the first coaching session. *T*-tests are used to calculate the statistical significance of differences in means. Measures of debt are adjusted to 2018 dollars. To implement the bias correction method used to estimate treatment effects, we create a unique comparison group for each credit outcome measure. Because the same nearest-neighbor matching algorithm is used each time, these groups differ only when the outcome measure is not reported for either a client or one of their five nearest neighbors.

DEBT REPAYMENT AND BEHAVIOR

$BM clients took active steps to improve their financial well-being and creditworthiness. Impacts were relatively modest in size but occurred in multiple areas. Clients reduced their number of debts in collections and credit card utilization rates, cured accounts that had been delinquent, and raised their credit scores (table 4).

Credit scores improved among coaching clients by 15 points but improved among the comparison group as well. The estimated impact of $BM is a 4-point improvement in credit score. For most people, a 4-point improvement in credit score may not have a large impact. But these changes matter most for people with lower credit scores if they cross thresholds at which lower interest rates and better

financial products become available. Outcomes differed somewhat by program. We found statistically significant effects on credit scores among clients at Christiana Care and in the Kiss Your Landlord Goodbye program. Additional results by program are in appendix table A.6.

$BM clients differed notably from the comparison group in their ability to "cure" delinquent accounts. The credit data show the total number of accounts that were 30 or more days delinquent or derogatory in the past six months that are currently in good standing. Curing delinquent accounts can have large effects on credit scores and save clients money in reduced fees and penalties. By this measure, clients cured an average of 0.24 accounts more than the comparison group. Although the effects were not always statistically significant, curing occurred fairly consistently across programs, especially for the Childcare Team (appendix table A.6).

We also see a reduction in the number of medical and nonmedical debts in collections as a result of coaching. Clients reduced the number of medical collections by 0.37 more debts per person than the comparison group. Clients also reduced the number of nonmedical debts by 0.08 per person more than the comparison group. The largest, statistically significant impacts were made among clients in the Employer and Kiss Your Landlord Goodbye programs.

$BM clients also reduced their credit card utilization rates, frequently by adding a credit card. Clients added 0.15 more cards per person than the comparison group. They also lowered their credit card utilization rates from 57 percent to 51 percent, while utilization among the comparison group remained almost unchanged.

TABLE 4

Changes in Debt Repayment and Behavior

	Change among clients	Estimated impact of coaching
Credit score	15	4***
Number of credit cards	0.52	0.15**
Credit card utilization rate	-5%	-5%***
Percent with delinquencies	-9%	-6%
Percent of all open delinquent debt	0%	-2%*
Number of debts in collections (medical)	-0.59	-0.37***
Number of debts in collections (nonmedical)	-0.14	-0.08**
Curing	0.26	0.24***

Source: Urban Institute estimates using data from a major credit reporting firm.

Notes: Changes are calculated between data that describe clients and matched comparisons 3 to 6 months before the first coaching session and 12 to 15 months after the first coaching session. *T*-tests are used to calculate the statistical significance of differences in means. *Represents statistical significance at the 10 percent level. **Represents statistical significance at the 5 percent level. ***Represents statistical significance at the 1 percent level. Measures of debt are adjusted to 2018 dollars.

MULTIPLE OUTCOMES ANALYSIS

In any program evaluation, there is some risk that outcomes attributed to the program happened by chance. As the number of outcomes increases, this risk rises as well. To test the fidelity of our high-level findings, we estimated the effect of $BM coaching using composite measures of program impact. These measures confirm the following. First, the impact of $BM on debt repayment and behavior is, in aggregate, statistically significant at the 0.1 percent level using either comparison. Second, $BM coaching leads to an increase in the types of debt and credit accounts. This aggregate increase is also statistically significant at the 0.1 percent level using either comparison group. Finally, the overall impact of $BM on debt levels is small but statistically significant.

Conclusion

Financial coaching continues to emerge as a preferred approach to helping people with low and middle incomes navigate their financial lives. The public, philanthropic, and nonprofit sectors are increasingly embracing this service-delivery model, given its flexibility and potential for achieving impact. Financial advice and even management have been available to those with means for some time. Although households with low and middle incomes may not be able to pay for these services with a percentage of their investment returns, as many wealthy households do, they are not less in need of help handling their finances.

Financial coaching programs have grown rapidly across the US, though the evidence base is still emerging. To expand the range of programs that have been assessed, we evaluated a relatively new and differently structured program: $BM in Delaware. This evaluation took a comprehensive look at the program—its implementation as well as impacts. Because randomization was not possible, we used the most rigorous impact assessment design available—a matching-based study comparing credit outcomes for program participants with others who had similar profiles based on observable information. The $BM client group and the comparison group matched well at baseline, but of course there may have been unobserved attributes about clients and comparison group members, which—if correlated with the outcomes tested here—would represent a threat to our conclusion's validity. That our findings fit within the broader literature on financial coaching effects should give additional comfort.

We found several positive impacts of the $BM program for clients. Coaching led to modestly lower credit card utilization rates, increased curing of accounts that had been delinquent, fewer debts in collections, and a four-point improvement in credit scores above those in the comparison group. Coaching also resulted in increased credit card holding and increased student loans for $BM clients

relative to the comparison group. Although these improvements were modest in size, they are the result of a relatively light-touch intervention. The first coaching session lasts only an hour, follow-up is sometimes conducted via phone or text, and just over half of clients met with their coach only once.

It is also worth reflecting that coaching is an adaptable approach that can work for those seeking to save, pay down debt, or improve credit. In that regard, it should be noted that we test the outcomes described above for all clients, even though some clients may be focused on one or more outcomes to a greater degree than others. Absent definitive information about client goals before coaching—as they can evolve during the coaching process—assessing all $BM clients against all outcomes is appropriate, though it may mean that some clients are more successful in their personal goals than is captured in these average effects.

The qualitative and survey evidence confirms the positive trends in the impact analysis and, if anything, reflects even more positive dynamics. The clients we spoke with were proud of the progress they made in budgeting and managing money and prioritizing bills. Clients expressed hope regarding their financial futures. Many felt more in control of their finances and, as a result, less stressed. Of course, coaching took clients only so far in overcoming what for many are deep challenges. For some clients, lingering anxiety and financial constraints remained, including living paycheck to paycheck, being deeply in debt, having debt in collections, or managing crises like homelessness.

Coaches had generally positive views of the progress clients were making and the coaching work with them. They believed they were making a difference in their clients' lives. They also had positive reflections on how the program was structured and operated. They felt supported, engaged, and appreciated in the midst of what can be a challenging job.

Coaches, clients, and stakeholders lifted up a few areas where they felt the program could be strengthened. Chief among them was the feeling from coaches that more could be done to equip them to become financial experts. Although they found the orientation training helpful for learning the coaching process, they felt underprepared in some topics related to saving, budgeting, and debt management and restructuring. This was likely a need because most staff were not previously employed in a personal finance field before becoming coaches. In addition to general financial expertise, coaches reported they needed further training when working with specific populations—for example, helping clients connect with social services, connect with housing programs, or get ITINs.

A second broad area for improvement related to expanded access, outreach, and service. Coaches thought they could benefit from more standardized materials and resources to share with clients. They were interested in greater promotion of the program and the benefits it can provide. Finally, coaches

thought creatively about how to do more—whether launching youth-oriented programming or small group sessions or adding extra coaches to high-demand locations.

What lessons does $BM offer others interested in financial coaching? The $BM program offers a unique and compelling example of program design that can be considered by other states and localities. Key elements of the $BM model worth considering for replication are as follows.

The $BM program is accessible to all residents in Delaware without eligibility restrictions. This may help reduce some of the real or perceived stigma from seeking help. The services are free, meaning that even those with very limited means can participate. As a result, the program has been able to serve nearly 16,000 Delawareans with financial coaching—a large figure for a small state, especially for a program that started in 2010.

The program is also unique as a public-private partnership—a combined creation of state government, philanthropy, nonprofits, and local employers. The program therefore works in a range of venues, from for-profit employers to nonprofits to state-affiliated programs. The program's public-private design means that its leadership is jointly held between the Department of Health and Social Services and the United Way of Delaware.

Given this structure, $BM has necessarily integrated coaches in other human service environments and workplaces. As previous research has shown, integration of coaches in existing agencies and offices is not easy and has been a struggle in other contexts (Kijakazi et al. 2019). Coaching work can be isolated from other activities. Recruitment can be hard. In Delaware, however, $BM has successfully integrated its coaches in several other contexts. Even though coaches did not have a ready client base, they have been able to build demand for their services.

A final programmatic element worth considering for replication is the program's culture of performance management and results orientation. The program has developed a customized data system for tracking clients and coaches. This translates into monthly coaching benchmarks to demonstrate coaching activity.

Ten years into its operation, $BM has made meaningful contributions to the financial health and well-being of thousands of Delaware residents. The program has been created in a unique institutional context. For financial coaching to continue expanding well beyond its current offerings, the public and private sectors will need to play a larger role in running or supporting programs. With the $BM example, the challenge for the field now is to expand municipal, state, and business support for coaching.

Appendix. Impact Analysis Methodology and Supplemental Results

The impact analysis compares clients in a financial coaching program with matched comparisons to estimate the effect that coaching has on clients' financial well-being. The impact of $BM coaching is defined as the difference between changes in credit outcomes among clients and a counterfactual estimate of what those changes would have been if not for $BM coaching. Ideally, we would randomly assign people to coach and use a randomly assigned control group to form the counterfactual. As that was not feasible, we estimate the impact of $BM coaching using matching techniques that construct a counterfactual based on the credit outcomes of a matched comparison group.

Data and Sample

We purchased data from a credit reporting firm on people's credit scores and other financial characteristics, such as the number of medical debts in collections or the total of their credit card balances. Using these data, we calculated additional characteristics. For example, we created a measure of whether someone has an auto loan based on the data provided about auto loan balances. The complete list of financial and credit attributes included in our analysis appears in table A.1.

The study period includes 2,242 clients who entered programming between February 1, 2017, and October 31, 2017, and a sample of 182,912 individuals from nearby counties in Pennsylvania, Maryland, and New Jersey. (Urban purchased records for a random sample of 200,000 records in Delaware and nearby counties but excluded people residing in Delaware from the comparison group.) For both clients and the unmatched individuals, we received data from five points in time: October 2016, January 2017, April 2017, April 2018, and July 2018. We selected these dates to provide similar pre- and postcoaching benchmarks of financial well-being for as many coaching clients as possible.

We defined a precoaching and postcoaching record for each client as follows. For each client, their precoaching financial record was whichever credit record was pulled three to six months before their first coaching session. If more than one credit record fell within that range, we selected the earlier date. We defined the postcoaching period as whichever credit file is closest to 18 months from the selected

credit file in their precoaching period. This resulted in three sets of matched precoaching and postcoaching time periods.

Of the 2,242 clients for whom we have program data, the credit reporting firm could provide data for 1,916, and of these, 1,790 appear both before and after coaching during our study period and were assigned to one of our six main programs. We originally had seven programs, but one of them, "Negocios," had only one participant. We excluded that program and participant from our analysis. Clients who appeared in the credit data and program data had moderately higher incomes, were more likely to be employed, and were less likely to be Hispanic/Latinx (table A.2). However, these differences were not sizable.

Additional descriptive information on clients by program appear in table A.3.

TABLE A.1

Financial Characteristics Used in Analysis

Financial characteristic	Description
Credit score	Credit score: minimum of 300 and maximum of 850
Age of oldest account (months)	Number of months since the oldest trade was opened, excluding collections and including indeterminates
Total balances	Total balance on open trades reported in the past six months
Total auto loan balance	Total balance on open auto loan or lease trades reported in the past six months
Has an auto loan over $300	Calculated: set to zero if total auto loan balance is zero, missing, or below $300; set to one if it has a value of $300 or greater
Total credit card balance	Total balance on open credit card trades reported in the past six months
Has a credit card	Calculated: we calculated this variable on the basis of three flags related to credit card trades. These were no trade excluding collections, no credit card trade, or no credit card trade reported within the time frame required (six months). If any of these three were present, we set this equal to zero; if they were all missing, we set it equal to one.
Number of credit cards	Total number of open credit card trades reported in the past six months
Total mortgage balance	Total balance on open mortgage-type trades reported in the past six months
Has a mortgage	Calculated: set to zero if total mortgage balance is zero or missing; set to one if it has a nonzero value
Has a mortgage over $25,000	Calculated: set to zero if total mortgage balance is zero, missing, or below $25,000; set to one if it has a value of $25,000 or greater
Total personal installment loan balance	Total balance on open personal installment trades reported in the past six months
Has a personal installment loan	Calculated: set to zero if total personal installment loan balance value is zero or missing; set to one if it has a nonzero value
Total student loan balance	Total balance on open nondeferred student trades reported in the past six months
Has a student loan	Calculated: set to zero if total student loan balance is zero or missing; set to one if it has a nonzero value

Financial characteristic	Description
Utilization rate	Overall balance-to-credit-limit ratio on open credit card trades reported in the past six months with credit limit > $0
Total delinquent balance	Total balance on trades presently 30 days delinquent reported in the past six months
Percent of all open delinquent debt	Overall amount past-due-to-balance ratio on trades reported in the past six months excluding collections
Has any delinquencies	Calculated: set to zero if the percent of all open delinquent debt is missing or zero; set to one if it has a nonzero value
Number of medical debts in collections	Total number of medical collection trades
Has medical debt in collections	Set to zero if total debt in number of medical debts in collections is greater, missing, or zero; set to one if it has a nonzero value
Number of debts in collections (total)	Total number of collection trades
Number of nonmedical debts in collections	Calculated: the difference between the number of debts in collections and number of medical debts in collections. If medical collections are missing, we assume any collections are nonmedical.
Had a bankruptcy in the past 24 months	Calculated: set to zero if months since the last bankruptcy is missing or greater than 24; set to zero if the value is less than or equal to 24
Curing	Total number of trades presently satisfactory that were ever 30 or more days delinquent or derogatory reported in the past six months, including collections

TABLE A.2

Characteristics of $BM Clients in Research Sample

	All clients	Clients with credit data (at least once)	Clients in impact analysis
Number of participants	**2,242**	**1,916**	**1,790**
Sessions attended	**2.5**	**2.5**	**2.5**
Age, gender, and marital status			
Median age	38	38	39
Married	31%	32%	32%
Female	69%	70%	71%
Race			
Black	53%	54%	55%
White	24%	26%	27%
Hispanic/Latinx	19%	16%	14%
Asian	1%	1%	1%
Income and employment			
Median income (monthly)	$1,872	$2,000	$2,000
Employed full time	61%	63%	65%
Employed part time	13%	13%	12%
Unemployed	14%	13%	12%
Other demographics			
Disabled	10%	10%	10%
Veteran	4%	4%	4%
Has health insurance	89%	91%	93%

Source: Urban Institute analysis of $BM client data.

Note: Clients who were successfully matched to credit files, appeared in the credit files both before and after coaching, and were listed as enrolled in one of the programs included in this study were included in the impact analysis.

TABLE A.3

Characteristics of Clients in the Impact Analysis by Program

	Community Services	Childcare Team: family	Childcare Team: staff	Kiss Your Landlord Goodbye	Employer: Christiana Care
Number of participants	**687**	**262**	**102**	**307**	**116**
Average sessions attended	**2.1**	**2.7**	**3.9**	**2.4**	**1.7**
Age, gender, and marital status					
Median age	39	35	36.5	37	40.5
Married	27%	45%	40%	27%	41%
Female	70%	64%	85%	77%	86%
Race					
Black	63%	41%	44%	75%	39%
White	27%	22%	30%	16%	50%
Hispanic/Latinx	7%	34%	23%	8%	8%
Asian	1%	0%	0%	0%	3%
Income and employment					
Median income (monthly)	$1,847	$1,561	$1,800	$2,300	$3,500
Employed full time	58%	55%	77%	80%	84%
Employed part time	13%	14%	12%	9%	16%
Unemployed	14%	22%	0%	3%	0%
Other demographics					
Disabled	14%	10%	5%	9%	2%
Veteran	5%	3%	2%	4%	6%
Has health insurance	93%	85%	95%	93%	100%

Source: $BM program data.

TABLE A.3, CONT'D

Client Characteristics by Program

	Employer: Dover Downs	Employer: other	Workforce Development	Hispano	All programs
Number of participants	**66**	**78**	**111**	**61**	**1,790**
Average sessions attended	**1.4**	**5.6**	**2.0**	**3.4**	**2.5**
Age, gender, and marital status					
Median age	46	45	40	40.5	39
Married	36%	34%	25%	37%	32%
Female	55%	85%	55%	52%	71%
Race					
Black	30%	61%	59%	0%	55%
White	58%	32%	37%	3%	27%
Hispanic/Latinx	3%	4%	2%	92%	14%
Asian	9%	1%	0%	2%	1%
Income and employment					
Median income (monthly)	$2,000	$2,424	$971	$2,000	$2,000
Employed full time	92%	87%	22%	63%	65%
Employed part time	5%	5%	19%	13%	12%
Unemployed	2%	1%	48%	8%	12%
Other demographics					
Disabled	0%	9%	8%	7%	10%
Veteran	2%	4%	10%	0%	4%
Has health insurance	95%	100%	99%	78%	93%

Source: $BM program data.

Estimating Treatment Effects

The outcomes of interest are increases or decreases in credit attributes after participating in coaching. For each client, we therefore calculated the changes in each credit attribute between the precoaching and postcoaching periods. For each person in the sample from nearby, out-of-state counties, we calculated changes in credit outcomes over each of three sets of matched precoaching and postcoaching time periods.

We estimated the treatment effect of $BM coaching on these changes over time using the bias-corrected matching estimator described in in Abadie and Imbens (2006, 2011) with matches defined based on Mahalanobis distance. Mahalanobis distance matching selects individuals for the comparison group that most closely resemble $BM clients. This resemblance is defined by calculating a normalized, multidimension distance measure between each client and person in the sample of de-identified people from the nearby, out-of-state counties.

We used the following financial characteristics to calculate the Mahalanobis distance: credit score, age of oldest account (months), total balance, total credit card balance, total auto loan balance, total student loan balance, total personal installment loan balance, total mortgage balance, has a credit card, has student loans, has a personal installment loan, has an auto loan more than $300, has a mortgage more than $25,000, has any delinquencies, has medical debt in collections, has nonmedical debt in collections, and had a bankruptcy in the past 24 months.

Matches, treatment effects, and statistical significance were estimated using Stata's teffects nnmatch command, which implements both the Mahalanobis matching algorithm and the Abadie and Imbens bias correction. We used each client's five nearest neighbors and restricted the matches so the precoaching and postcoaching period for each neighbor aligned with the client to whom they were matched. We allowed people to appear as nearest neighbors more than once if they matched to multiple $BM clients.

To implement the bias correction method used to estimate treatment effects, we created a unique comparison group for each credit outcome measure. Because the same nearest-neighbor matching algorithm is used each time, these groups differ only when the outcome measure is not reported for either a client or one of their five nearest neighbors. As an example, the same comparison group is generated for credit score and the percent of clients with a credit card. However, a new comparison group is created among clients with a credit card to determine the treatment effect for utilization rate.

Performance of the Matching Algorithm

To assess the viability of the Mahalonobis match, we identified each client's five nearest neighbors and compared the precoaching records of the $BM clients with their matches. Average levels of precoaching credit attributes for the clients and their matches appear in table A.4. Demographic information is not available in the credit data. In place of a direct comparison of client and comparison group demographics, we compared the demographics of the zip codes of the primary addresses in their credit files. On average, clients lived in neighborhoods with larger Hispanic/Latinx populations and smaller Black or African American populations. This may be driven by clients in $BM's "Hispano" coaching program.

TABLE A.4

Comparison between Clients and Matched Comparison Group before Coaching

	Clients (mean)	Comparison group (mean)
Financial characteristics		
Total balances	$46,928	$48,844
Auto loans (of those with this debt type)	$15,779	$15,790
Percent with an auto loan	39%	40%
Credit card balances (of those with this debt type)	$3,535	$3,794
Percent with a credit card	63%	66%
Number of credit cards	2.4	2.4
Credit score	573	581
Credit card utilization rate	57%	54%
Mortgages (of those with this debt type)	$154,855	$150,432
Percent with a mortgage	11%	13%
Personal installment loans (of those with this debt type)	$7,226	$8,564
Percent with a personal installment loan	14%	14%
Student loans (of those with this debt type)	$33,621	$32,507
Percent with a student loan	21%	21%
Percent with delinquencies	38%	33%
Percent of all open delinquent debt	5%	4%
Number of debts in collections (nonmedical)	141%	144%
Number of debts in collections (medical)	1.34	1.23
Curing	0.80	0.80
Demographics of individuals' zip codes		
Median income	$67,684	$57,783
Percent of residents who are Hispanic/Latinx	10%	10%
Percent of residents who are Black or African American	20%	28%
Percent of residents who are white	63%	56%
Percent of residents with a bachelor's degree	30%	25%
Rent index	$1,406	$1,283
Home value index	$219,416	$202,270

Sources: Individual-level financial information is from Urban Institute estimates using data from a major credit reporting firm. ZCTA-level demographic information is from the 2012–17 American Community Survey. Rent and home value indices approximate the zip code's median monthly rent and median price of homes as calculated by Zillow.

Notes: To implement the bias correction method used to estimate treatment effects, we create a unique comparison group for each credit outcome measure. Because the same nearest-neighbor matching algorithm is used each time, these groups differ only when the outcome measure is not reported for either a client or one of their five nearest neighbors.

Multiple Outcomes Analysis

When an analysis increases the number of outcomes that it examines, the probability of a false positive increases. To adjust for this, we examined the impact of $BM on summary measures for three categories of outcomes. The first captures whether clients have more or fewer types of debt. It considers the following kinds of debt: student loans, auto loans, mortgage loans, and personal installment loans. It also gives weight to whether the person is a credit card holder. The second measure captures the ability to reduce debt; it includes the balances on student loans, auto loans, mortgages, personal installment loans, and credit cards. The third measure captures changes in delinquencies and collections. It includes credit card utilization rates, whether or not they have any delinquencies, the percent of all delinquent debt, and the number of debts in collections.

We calculated the summary measures as follows. First, for each outcome, we calculated the change over time. Second, we normalized the measure of change over time across both clients and nonclients so that the average value in the comparison group is zero and the standard deviation in the comparison group is one. Third, for each person, we took the average of the normalized measures in each category.

Once the summary measure was created, we estimated the average treatment effect on the treated using Stata's teffects command as described above.

TABLE A.5

Changes in Financial Characteristics and Estimated Impact Using Comparison

	Clients (mean change)	Estimated impact
Debt types	2%	2%*
Percent with an auto loan	2%	2%*
Percent with a credit card	8%	7%***
Percent with a personal installment loan	2%	1%
Percent with a mortgage	2%	0%
Percent with a student loan	3%	6%***
Multiple outcomes measure 1: Debt types		0.15***
Debt levels		
Total debt balances	$9,406	$3,706*
Auto loans (of those with this debt type)	-$1,071	$105
Credit card balances (of those with this debt type)	$370	-$422**
Personal installment loans (of those with this debt type)	-$1,031	-$385
Mortgage (of those with this debt type)	-$1,043	$6,743
Student loan (of those with this debt type)	$4,400	$3,175*
Multiple outcomes measure 2: Debt amounts		*0.03****
Debt repayment and behavior		
Credit score	15	4***
Number of credit cards	.52	.15**
Credit card utilization rate	-5%	-5%***
Percent with delinquencies	-9%	-6%
Percent of all open delinquent debt	0%	-2%*
Number of debts in collections (medical)	-0.59	-0.37***
Number of debts in collections (nonmedical)	-0.14	-0.08**
Curing	0.26	0.24***
Multiple outcomes measure 3: Debt repayment and behavior		*-0.12****

Source: Urban Institute estimates using data from a major credit reporting firm.

Notes: Changes are calculated between data that describe clients and matched comparisons 3 to 6 months before the first coaching session and 12 to 15 months after the first coaching session. *T*-tests are used to calculate the statistical significance of differences in means. *Represents statistical significance at the 10 percent level. **Represents statistical significance at the 5 percent level. ***Represents statistical significance at the 1 percent level. Measures of debt are adjusted to 2018 dollars. To implement the bias correction method used to estimate treatment effects, we create a unique comparison group for each credit outcome measure. Because the same nearest-neighbor matching algorithm is used each time, these groups differ only when the outcome measure is not reported for either a client or one of their five nearest neighbors.

Supplemental Results

Estimated treatment effects by $BM program appear in table A.6.

TABLE A.6

Treatment Effects by Program

	Community Services	Childcare Team: family	Childcare Team: staff	Kiss Your Landlord Goodbye
Debt types				
Percent with an auto loan	-1%	-1%	2%	9%***
Percent with a credit card	8%***	3%	8%**	12%***
Percent with a personal installment loan	2%	3%*	-6%**	-1%
Percent with a mortgage	0%	-3%***	-2%	3%**
Percent with a student loan	8%***	3%	7%*	6%***
Multiple outcomes measure 1: Debt types	0.16***	0.06*	0.10	0.24***
Debt levels				
Total balances	$2,672	-$4,912	-$8,186	$9,364**
Auto loans (of those with this debt type)	$322	$2,370	$1,082	-$1,355**
Credit card balances (of those with this debt type)	-$774***	-$738**	-$289	-$114
Personal installment loans (of those with this debt type)	-$286	$806	$5,699***	$1,380**
Mortgages (of those with this debt type)	$5,165	$1,817	-$12,839	$31,928
Student loans (of those with this debt type)	$3,883	-$3,466	-$1,863	-$690
Multiple outcomes measure 2: Debt levels	0.03**	0.01	0.00	0.04*
Debt repayment and behavior				
Credit score	1	0	11	9**
Number of credit cards	0.02	0.18	0.03	0.35**
Credit card utilization rate	-6%***	1%	-11%**	-7%**
Percent with delinquencies	-9%	-1%	-30%	-4%
Percent of all open debt that is delinquent	-3%	-2%	-7%***	-1%
Number of debts in collections (medical)	**-0.36*** **	-0.25*	0.09	-0.61***
Number of debts in collections (nonmedical)	0.00	-0.09	0.03	-0.30***
Curing	0.17**	0.24*	0.60**	0.27**
Multiple outcomes measure 3: Debt repayment and behavior	-0.21***	-0.01	-0.12	-0.13

TABLE A.6, CONT'D

Treatment Effects by Program

	Employer: Christiana Care	Employer: Dover Downs	Employer: other	Hispano	Workforce Development
Debt types					
Percent with an auto loan	6%	2%	-1%	-3%	2%
Percent with a credit card	8%***	3%	6%*	0%	0%
Percent with a personal installment loan	-2%	3%	5%	-2%	-2%
Percent with a mortgage	5%	-5%*	-2%	11%**	-5%**
Percent with a student loan	15%***	6%*	7%	-3%	5%
Multiple outcomes measure 1: Debt types	0.28***	0.09	0.15**	0.03	0.01
Debt levels					
Total balances	$27,785***	-$5,866	-$11,872	$22,270**	-$9,860
Auto loans (of those with this debt type)	-$824	-$1,225	$222	$1,862	-$181
Credit card balances (of those with this debt type)	-$561	-$120	-$202	$194	$809
Personal Installment Loans (of those with this debt type)	-$2,041	$369	-$93,709	$124	$1,925***
Mortgages (of those with this debt type)	$15,472	$5,656	$6,888	-$2,523	$962
Student Loans (of those with this debt type)	$16,383*	-$5,944	$2,317	$3,437*	$3,579
Multiple outcomes measure 2: Debt levels	0.20***	-0.04	-0.02	0.07**	0.00
Debt repayment and behavior					
Credit score	15***	3	3	13*	0
Number of credit cards	0.49**	0.17	0.20	-0.26	16%
Credit card utilization rate	-5%	-5%	-4%	-9%*	3%
Percent with delinquencies	21%	-8%	-26%	-15%*	9%
Percent of all open debt that is delinquent	-1%	0%	1%	0%	5%
Number of debts in collections (medical)	-0.25	-0.10	-1.01**	-0.21	-0.41
Number of debts in collections (nonmedical)	0.02	-0.26	0.08	-0.05	-0.12
Curing	0.60*	0.40	.24	0.10	0.06
Multiple outcomes measure 3: Debt repayment and behavior	0.00	0.01	-0.24*	-0.16	0.09

Source: Urban Institute estimates using data from a major credit reporting firm.

Notes: Changes are calculated between data that describe clients and matched comparisons 3 to 6 months before the first coaching session and 12 to 15 months after the first coaching session. *T*-tests are used to calculate the statistical significance of differences in means. *Represents statistical significance at the 10 percent level. **Represents statistical significance at the 5 percent level. ***Represents statistical significance at the 1 percent level. Measures of debt are adjusted to 2018 dollars. To implement the bias correction method used to estimate treatment effects, we create a unique comparison group for each credit outcome measure. Because the same nearest-neighbor matching algorithm is used each time, these groups differ only when the outcome measure is not reported for either a client or one of their five nearest neighbors.

Confirming Our Findings Using Propensity Score Matching

To ensure our findings' validity, we also estimated treatment effects using propensity score matching. Propensity score matching is a two-step process that identifies a comparison group that would have a similar likelihood of participating in coaching as the current clients, were $BM available to them as well. In the first step, we estimated the likelihood of being a $BM client with a probability model using data on both clients and the de-identified sample. For consistency, we used the financial characteristics that were used in the Mahalanobis matching model as the predictors in the probability model. Because the goals and backgrounds of $BM clients were diverse, we estimated a separate PSM model for each $BM program. In the second step, we formed a comparison group by matching individuals to clients based on the propensity score generated by the model.

We again selected the five nearest neighbors to each coaching client as the comparison group and allowed people to appear in the comparison group more than once. As a result, 5,894 people were selected for the comparison group. For the matched comparison group, we selected the pre- and postperiod to align with the client with whom they were matched.

We then estimated the treatment effect of $BM coaching as the difference between the changes calculated for clients and the changes calculated for the comparison group. We used *t*-tests to determine whether these estimated impacts are statistically significant. Results are presented in the following table. With some differences in significance and magnitude, the estimates largely agree with the Mahalanobis findings presented above.

TABLE A.7

Treatment Effects Using Propensity Score Matching Approach

	Clients (mean change)	Estimated impact (difference)
Percent with an auto loan	2%	2%**
Percent with a credit card	8%	7%***
Percent with a personal installment loan	2%	2%***
Percent with a mortgage	2%	0%
Percent with a student loan	3%	7%***
Multiple outcomes measure 1: Debt types		*0.12****
Total debt balances	$9,406	$7,701***
Auto loans (of those with this debt type)	-$1,071	$1,348***
Credit card balances (of those with this debt type)	$370	$77
Personal installment loans (of those with this debt type)	-$1,031	$270
Mortgage (of those with this debt type)	-$1,043	$18,411***
Student loan (of those with this debt type)	$4,400	$3,332***
Multiple outcomes measure 2: Debt levels		*0.10****
Credit score	15	4**
Number of credit cards	0.5	0.5***
Credit card utilization rate	-5%	-6%***
Percent with delinquencies	-9%	10%*
Percent of all open delinquent debt	0%	1%
Number of debts in collections (medical)	-0.59	-0.42***
Number of debts in collections (nonmedical)	-0.14	-0.07**
Curing	0.26	0.21***
Multiple outcomes measure 3: Debt repayment and behavior		*-0.07****

Source: Urban Institute estimates using data from a major credit reporting firm.

Notes: Changes are calculated between data that describe clients and matched comparisons 3 to 6 months before the first coaching session and 12 to 15 months after the first coaching session. *T*-tests are used to calculate the statistical significance of differences in means. *Represents statistical significance at the 10 percent level. **Represents statistical significance at the 5 percent level. ***Represents statistical significance at the 1 percent level. Measures of debt are adjusted to 2018 dollars.

Notes

1 Information on the history of $tand By Me is from the program's internal "Onboarding Manual" from August 2018.

2 See $tand By Me's own statistics on who has been served by the program here on their home page: https://standbymede.org/.

3 "About Us," $tand By Me, accessed February 11, 2020, https://standbymede.org/about-us/.

4 Dover Downs Hotel and Casino, accessed February 11, 2020, https://www.doverdowns.com/.

5 Telamon Transition Resources Corporate, accessed February 11, 2020, https://www.telamon.org/.

6 West End Neighborhood House, accessed February 11, 2020, http://www.westendnh.org/.

7 To implement the bias correction method used to estimate treatment effects, we create a unique comparison group for each credit outcome measure. Because the same nearest-neighbor matching algorithm is used each time, these groups differ only when the outcome measure is not reported for either a client or one of their five nearest neighbors.

8 Most coaches work for only one program, but a few coaches we interviewed reported working for two programs affiliated with $tand By Me.

9 For more information about $tand By Me's programs and mission, see "About Us," accessed February 11, 2020, https://standbymede.org/about-us/.

10 Throughout this report, when the terms "Black," "white," or "Asian" are used, we always mean non-Hispanic/Latinx.

11 "QuickFacts: Delaware; United States," United States Census Bureau, accessed February 11, 2020, https://www.census.gov/quickfacts/fact/table/DE,US/PST045219.

12 We had to exclude $BM clients with credit information in only one of the pre- and postcoaching periods because our comparison data were drawn exclusively from people who had scorable credit files.

References

Abadie, Alberto, and Guido W. Imbens. 2006. "Large Sample Properties of Matching Estimators for Average Treatment Effects." *Econometrica* 74: 235–67.

Abadie, Alberto, and Guido W. Imbens. 2011. "Bias-Corrected Matching Estimators for Average Treatment Effects." *Journal of Business and Economic Statistics* 29: 1–11.

Brevoort, Kenneth P., Philipp Grimm, and Michelle Kambara. 2015. "Data Point: Credit Invisibles." Washington, DC: Consumer Financial Protection Bureau.

CFPB (Consumer Financial Protection Bureau). 2017. *Financial Coaching: Advancing the Field to Better Serve Consumers.* Washington, DC: CFPB.

Collins, J. Michael. 2014. "Financial Coaching: An Asset Building Strategy." Asset Funders Network.

Collins, Michael J., Christi Baker, and Rochelle Gorey. 2007. *Financial Coaching: A New Approach for Asset Building?* Baltimore, MD: The Anne. E. Casey Foundation.

Collins, J. Michael, and Karen Murell. 2010. *Using a Financial Coaching Approach to Help Low-Income Families Achieve Economic Success: Challenges and Opportunities for the Field.* Washington, DC: Center for Working Families.

Collins, J. Michael, Peggy Olive, and Collin O'Rourke. 2013. "Financial Coaching's Potential for Enhancing Family Financial Security." *Journal of Extension* 51 (1): 1FEA8.

Kijakazi, Kilolo, Mark Treskon, Brandi Gilbert, Adaeze Okoli, Camille Anoll, Christopher Davis, and Storm Ervin. 2019. *An Evaluation of the Financial Coaching Initiative.* Washington, DC: Urban Institute.

Lienhardt, Hallie. 2016. "Financial Coaching Census 2016: A Progressing Field of Practice." Asset Funders Network.

Lienhardt, Hallie, and Sara Nowakowski. 2018. "Supporting Employee Financial Stability: How Philanthropy Catalyzes Workplace Financial Coaching Programs." Asset Funders Network.

Roder, Anne. 2016. *First Steps on the Road to Financial Well-Being: Final Report from the Evaluation of LISC's Financial Opportunity Centers.* New York: Economic Mobility Corporation.

Theodos, Brett, Margaret Simms, Mark Treskon, Christina Stacy, Rachel Brash, Dina Emam, Rebecca Daniels, Juan Collazos. 2015. *An Evaluation of the Impacts and Implementation Approaches of Financial Coaching Programs.* Washington, DC: Urban Institute.

Theodos, Brett, Christina Plerhoples Stacy, and Rebecca Daniels. 2018. "Client Led Coaching: A Random Assignment Evaluation of the Impacts of Financial Coaching Programs." *Journal of Economic Behavior & Organization* 155: 140–158.

About the Authors

Diana Elliott is a principal research associate in the Center on Labor, Human Services, and Population. Her work focuses on families' financial security and economic mobility and the programs and policies that support them, including housing affordability, apprenticeships, and financial empowerment. Elliott holds a PhD in sociology from the University of Maryland, College Park.

Brett Theodos directs the Community Economic Development Hub at the Urban Institute, where he is a senior fellow in the Metropolitan Housing and Communities Policy Center. His work focuses on economic and community development, neighborhood change, affordable homeownership, consumer finance, and program evaluation and learning.

Daniel Teles is a research associate in the Metropolitan Housing and Communities Policy Center, where he specializes in applied microeconomic policy analysis. His research examines the local effects of public policy. He earned a BS from the George Washington University and an MA and PhD in economics from Tulane University. He has contributed to the *Journal of Economic Inequality*, the *Handbook of Research on Nonprofit Economics and Management*, and the Lincoln Institute for Land Policy's Significant Features of the Property Tax.

Adaeze Okoli is a research analyst in the Center on Labor, Human Services, and Population. Okoli is passionate about the intersection of data, research, and policy to drive sustainable social change. Her previous research experiences focused on the impact of demographic factors such as race and migrant status on key economic outcomes. Okoli holds a BS in economics from the Ohio State University, where she graduated with honors and research distinction.

Benjamin Docter is a research assistant in the Metropolitan Housing and Communities Policy Center. In both professional and academic contexts, Docter has built resident databases and used them to analyze long-term trends in tenancy. His research interests include affordable housing and neighborhood housing density. Before joining Urban, Docter worked in affordable housing development and community programing. He graduated with honors from Wesleyan University, majoring in economics and social studies.

Statement of Independence

URBAN INSTITUTE · ELEVATE · THE · DEBATE

500 L'Enfant Plaza SW
Washington, DC 20024

www.urban.org